

Risk Factors Comparison 2024-05-30 to 2023-06-22 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text **Moved Text Section**

An investment in us involves a number of risks. In addition to the other information contained in this ~~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, financial condition and growth prospects, causing an investor to lose all, or part of, 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 **Our Growth Strategy** ~~the Restatement of the Prior Financial Statements~~ We **have concluded that certain of our previously..... 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 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 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 risks and uncertainties. As reflected in our consolidated financial statements, we have certain material debt obligations coming due in the short-term, have suffered recurring losses from operations and require additional financing to fund our business and operations. If we are unable to raise additional capital, it is possible that we will be 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 an acceleration 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 of our future operations. While we have plans to fund our operations and debt obligations, 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 secure adequate or reliable sources of funding required to operate our business." We~~

may not be able to achieve or maintain profitability and may continue to incur losses in the future. We have incurred **significant** losses in recent periods **and have** ~~We had~~ negative operating cash flow for each of our fiscal years since 2019, including the fiscal year ended March 31, **2023-2024**. We may not be able to achieve or maintain profitability and may continue to incur significant losses in the future ~~even in light of the Canadian Transformative Plan~~. In addition, we expect to continue to **increase invest in** our **business** capital investments and incur **significant** operating expenses as we implement initiatives to continue to 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 **a** limited operating history and therefore we are subject to many of the risks common to 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 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 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 and growth prospects. ~~There can be no assurance~~ **In the past, we have identified conditions and events that raised substantial doubt about our ability to continue as a going concern and it is possible that we may identify conditions and events in the Canadian Transformative Plan will future that raise substantial doubt about our ability to continue as a going concern. We have previously identified** a beneficial impact on our business, financial condition **conditions** and **events that raised substantial doubt about** results of operations. The timing, costs and benefits of the Canadian Transformative Plan cannot be guaranteed. ~~In the fourth quarter of our~~ **ability** ~~fiscal year ended March 31, 2023, we announced the Canadian Transformative Plan aligned to our strategic review~~ **continue as a going concern. With the completion of** : our business, which included (i) reducing cultivation costs **a US \$ 35 million private placement unit offering in January 2024** the Canadian adult- use cannabis business through cultivation- related efficiencies and facility improvements; (ii) implementing a flexible manufacturing platform, including contract manufacturing for certain product formats **the receipt of \$ 25 million of proceeds in March 2024 from the BioSteel Canada asset sale**; (iii) ~~right- sizing indirect costs and generating efficiencies across our supply chain and procurement~~ **the exchange of the \$ 100 million promissory note held by a subsidiary of CBI into Exchangeable Shares of Canopy Growth**; (iv) ~~aligning general~~ **the receipt of gross proceeds of approximately US \$ 50 million** and administrative costs with short- term **the exchange of approximately \$ 27. 5 million of existing debt maturing in September 2025 in exchange for a new senior unsecured convertible debenture of the Company, maturing May 2029 and the issuance of warrants of the Company, we believe that our existing cash and cash equivalents will enable us to fund our operating expenses and capital expenditure requirements more than one year from the date of this Annual Report. Consequently, the substantial doubt as to the Company' s ability to continue as a going concern has been alleviated. However, we have based this estimate on assumptions that may prove to be wrong, and we could exhaust our available capital resources sooner than we expect. In the future, if we are unable to obtain sufficient funding to support our operations, our financial condition and results of operations will be materially and adversely affected and we may be unable to continue as a going concern. In the future, reports from our independent registered public accounting firm may also contain statements expressing substantial doubt about our ability to continue as a going concern. If we seek additional financing to fund our business activities expectations; (v) further streamlining the organization to drive process- related efficiencies; and (vi) a reduction in headcount- the future and There there can **remains substantial doubt about our ability to continue as a going concern, investors or other financing sources may be unwilling** ~~no assurance that these initiatives will achieve the expected benefits to provide additional funding to us on commercially reasonable terms~~ **our- or** 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, 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 have been and may in the future be required to write down intangible assets, including goodwill, due to impairment, which could have a material adverse effect on our business, financial condition, results of operations and growth prospects. 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 an immediate review of goodwill and intangible assets. If the carrying value of our reporting unit and other intangible assets exceeds 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 business, financial condition, results of operations and growth prospects. At March 31, 2023-2024, the Company performed its annual goodwill impairment analysis using the quantitative assessment. ~~No An~~ impairment of \$ 42.1 million was noted for ~~recognized as~~ the Company's ~~estimated fair value of the~~ Storz & Bickel reporting unit, ~~as was less than the estimated fair value of the Storz & Bickel reporting unit exceeded~~ its carrying value. The carrying value, at March 31, 2023-2024, of the goodwill associated with the Storz & Bickel reporting unit was \$ 85-43, 6-2 million. For a discussion of ~~previous~~ write downs of intangible assets and goodwill, see Note 14-15, "Intangible Assets" and Note 15-16, "Goodwill" to the consolidated financial statements in Item 8 of this ~~Comprehensive~~ Form 10- K. ~~As a result of self- reporting the BioSteel Review, the Company is the subject of an investigation in connection with the BioSteel Review,~~ and it cannot predict the timing of developments, and any adverse outcome of these continuing matters could have a material adverse effect on the Company. 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 ~~investigation~~ 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 ~~is initiated~~ 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~~. 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, ~~strategic alliances~~ or investments is dependent upon, and may be limited by, the availability of suitable candidates and capital. In addition, acquisitions, ~~strategic alliances~~ or ~~investment investments~~ could present unforeseen integration ~~or operational~~ 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 from operations in order to pursue and complete such transactions or maintain such ~~relationships~~ ~~strategic alliances~~. Future acquisitions or ~~investments~~ ~~strategic alliances~~ could result in the incurrence of additional debt, costs and contingent liabilities, and there can be no assurance that future acquisitions or ~~investments~~ ~~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, ~~strategic alliances~~ or investments on satisfactory terms, or at all. Any of the foregoing could have a material adverse effect on our business, financial condition, results of operations and growth prospects. 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), 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 acquisitions could fail to compete successfully and may not produce the anticipated revenues and profits. Any of these items could adversely affect our financial condition, results of operations or growth prospects. In addition, future acquisitions by Canopy USA, including the acquisition of Acreage (if the ~~arrangements contemplated by the Amended~~ Acreage Arrangement ~~is and the Floating Share Arrangement Agreement (the "Acreage Arrangement") are~~ completed), could result in future issuances of Canopy Shares, including up to 171-10, 227-951, 420-546 Canopy 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 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~~ upon Canopy USA's ~~successful~~ ~~acquisitions~~ of 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 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 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 or other strategic joint venture opportunities. We are

subject to the 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 Jetty (if **the acquisition of Jetty is completed**), may arise to defeat or impair our claim to such transaction, which may

~~the Acreage Arrangement~~ **The** risks include increased “unpaid” state participation, higher energy costs, higher taxation levels and potential expropriation. Other risks include the potential for ~~forced labor or child labor~~, fraud and corruption by suppliers, government officials, or our personnel that may implicate us. We operate in certain parts of the world that may experience higher incidents of ~~forced labor or child labor~~ as well as 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 laws, including but not limited to ~~Canada’s Fighting Against Forced Labour and Child Labour in Supply Chains Act~~, the U.S. Foreign Corrupt Practices Act (“FCPA”), the Corruption of Foreign Public Officials Act (Canada), and other anti-bribery laws. However, we cannot provide complete assurance that our policies, procedures, and internal controls will always prevent violations of applicable 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 **strategic investments and alliances**, 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 material adverse effect on our business, financial condition, 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 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, results of operations and growth prospects. We are subject to risks relating to our current and future operations in emerging markets. We have operations in various emerging markets. 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 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 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 **and growth prospects.**

Risks Relating to Our Products, the Wana Options ~~and~~ **the** Jetty Options **. These agreements are 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.” Accordingly, Canopy USA was formed, in part, in order to expedite the consolidation of the businesses of Acreage, Wana and Jetty. However, the regulatory approval processes may take a lengthy period of time to complete, which could delay Canopy USA’s ability to acquire and consolidate these entities and operate them. There can be no certainty, nor can we cannot guarantee provide any assurance, that all conditions precedent to the consummation of the acquisitions of Acreage, Wana or Jetty will be satisfied or waived, or, if satisfied or waived, when they will be satisfied or waived and, accordingly, the Acreage Arrangement ~~and~~ **and / or the** Wana Options **, and / or the** Jetty Options **may not be completed. If, or 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 the Canopy 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 Arrangement, the Wana Options and the Jetty Options. Even if Canopy USA acquires the Fixed Shares and, if applicable, the Floating Shares, as well as the membership interests of Wana and the shares of Jetty, the intended benefits of the Acreage Arrangement and / or the Wana Options and / or the Jetty Options may not be realized. We cannot assure you that the Acreage Arrangement and / or the Wana Options and / or the Jetty Options will close be beneficial to Canopy USA or to us in the near term future, or at all. Furthermore, and even if closed Canopy USA fails to realize the intended benefits of the Acreage Arrangement and / or the Wana Options and / or the Jetty Options, the market price of the Canopy Shares could decline to the extent that we will achieve the market price reflects the those expected benefits. There can be no certainty that all conditions to the Floating Share Arrangement and the amended Acreage Arrangement Agreement will be satisfied. 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 amended Acreage Arrangement Agreement will be satisfied or waived, including that the Exercise Outside Date of June 17, 2024 is extended or that Acreage will be able to cure any events of default pursuant to the Acreage Debt. In addition, the Floating Share Arrangement is also subject to certain conditions precedent. 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 transactions conditions precedent are not satisfied, it may result in the acquisition of Acreage not being completed. ²The 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 its scale, to realize the anticipated capital 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 Canopy USA's 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 entity. 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 businesses or inconsistencies in standards, controls, procedures and policies that adversely affect the ability of management to maintain relationships with clients, suppliers, employees or to achieve the anticipated 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. Any inability of Canopy USA's management to successfully integrate the operations could have a material adverse effect on the financial condition and results of operations of Canopy USA and, ultimately, our Canopy USA may impact third party business relationships. Third parties with which we..... the market price of the Canopy Shares. The Trust's total ownership interest in Canopy USA is currently not quantifiable, including whether the Canopy USA warrants issued to the Trust in connection with the first tranche closing of the Trust Transaction are exercised or not, 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 Canopy USA Common Shares in two tranches with an aggregate value of up to US \$ 20-10 million along with warrants of Canopy USA to acquire additional Canopy USA Common Shares or Canopy USA Class B Shares. In addition, subject to the terms of the Trust SPA, the Trust has also been granted options to acquire additional Voting Shares (as defined in the Second Amended & Restated Limited Liability Company Agreement) with a value of up to an additional US \$ 10 million and one such additional option includes the issuance of additional warrants of Canopy USA. On April 26, 2024, Canopy USA completed the first tranche closing of the Trust Transaction in accordance with the Trust SPA, whereby the Trust acquired an aggregate 28, 571, 429 Canopy USA Common Shares at US \$ 0. 175 per Canopy USA Common Share and warrants to acquire up to 42, 857, 142 Voting Shares expiring on April 26, 2031. In accordance with the Trust SPA, the purchase price relating to the additional shares of Canopy USA that are issuable to the Trust in accordance with the Trust SPA will be determined by a future fair market valuation and accordingly, the number of such additional 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 Second Amended & R-LLC Restated Limited Liability Company Agreement, (i) the Trust has the right to designate designated the Trust Nominee one person for appointment to the Canopy USA Board board of managers and the Trust will continue to hold such nomination right so long as the Trust holds at least 4. 4 % of the issued and outstanding shares of Canopy USA Common Shares and (ii) the Trust Nominee, along with one the other Class A nominee 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, including our interest. We are unable to control Canopy USA. By virtue of the Company holding Non- Voting Shares and the implementation of the Reorganization Amendments and the Additional Reorganization Amendments, we are unable to control Canopy USA. In these

circumstances, we will not have the power to control, direct or exercise decisive influence over Canopy USA. There are no guarantees that Canopy USA's interests will align with the interests of the Company or the interests of our shareholders. As a result, Canopy USA's board of managers could take actions that are contrary to the interests of the Company or our shareholders, including preventing Canopy USA from entering into transactions that could be beneficial to the Company or our shareholders. 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 or less positive than the unaudited financial information for Jetty that has been provided to the Company **and the completion of audited financial statements is not a condition to closing Canopy USA's acquisition of Jetty**. Acreage's financial statements express doubt about its ability to continue as a going concern. Acreage's publicly available ~~audited~~ financial statements as of and for ~~three~~ **the years** year ended December 31, ~~2022-2023 filed with the SEC on April 29, 2024~~ ("Acreage's Annual ~~2022~~-Financial Statements") express doubt about Acreage's ability to continue as a going concern. In particular, Acreage's Annual ~~2022~~-Financial Statements state: "[Acreage] had an accumulated deficit as of December 31, ~~2022-2023~~, as well as a net loss and negative cash flow from operating activities for the year ended December 31, ~~2022-2023~~. Additionally, subsequent to year end the Company was in default of the [Acreage's] Prime rate credit facilities due January 2026..". These factors raise substantial doubt about [Acreage]'s 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 **Amended Acreage Arrangement and the Floating Share Arrangement** may not be completed. In the event that the **Amended Acreage Arrangement is and the Floating Share Arrangement are** completed and Acreage is unable to continue as a going concern, this would have a negative impact on Canopy USA's business, financial results and operations and have an adverse impact on the Company's United States strategy, and, ultimately, the Company's financial results and operations. **Acreage disclosed additional information relating to the aforementioned default in Acreage's Annual Financial Statements, In particular, Acreage disclosed that it received a notice of default letter on April 20, 2024 from the agents of its Prime rate credit facilities due January 2026, as amended, of the occurrence of certain events of default (the "Default Letter"). In particular, the lenders alleged that there had been three events of default with respect to the credit agreement and the agents and lenders reserved all rights, and that they were in the process of reviewing the appropriate course of action to be taken with respect to the identified events of default. Acreage further disclosed that the Default Letter did not identify that there had been any exercise of rights or remedies available to the agents or lenders under Section 9.1 of the credit agreement and that Acreage was continuing to evaluate the facts surrounding the asserted events of default and the applicable provisions of the credit agreement. In connection therewith, the agents provided notice to the Company pursuant to the Acreage Debt Option Agreement of a breach of Acreage's minimum cash balance covenant as of March 31, 2024. The Company is continuing to evaluate the notice and the applicable provisions of the Acreage Debt Option Agreement as the potential loss of the Option premium without receiving any value therefor could have a material and adverse effect on our current and future business, operations, results of operations, financial condition and prospects. In view of the foregoing, Acreage's continuation as a going concern is dependent upon its continued operations, which in turn is dependent upon, among other things, Acreage's ability to meet its financial requirements. There is no guarantee-assurance that Acreage will be successful in its plans to fund its operations and debt obligations as they become due and payable. Accordingly, Canopy Growth may lose the Option Premium without receiving any value therefor could have a material and adverse effect on our current and future business, operations, results of operations, financial condition and prospects. In addition, Acreage may be required to terminate or significantly curtail its operations or enter into arrangements with third parties that may require Acreage to relinquish rights to certain aspects of its business and / or dispose of certain assets, which may ultimately result in Acreage not being able to satisfy the conditions in the Existing Acreage Arrangement Agreement and the Floating Share Arrangement Agreement and the acquisition of Acreage not being completed. Canopy USA may divert the attention of our management or impact our ability to attract or retain key personnel. The attention of our management may be diverted from the day- to- day operations of Canopy Growth in connection with the transactions that may be entered into between us and Canopy USA. These disruptions could be exacerbated by delays in completing certain transactions and could result in lost opportunities or negative impacts on performance, which could have a material and adverse effect on our current and future business, operations, financial condition and results of operations or prospects. As a result of the uncertainty, certain of our officers and employees may experience uncertainty about their future roles, which may adversely affect our ability to attract or retain key management and personnel. Canopy USA may impact our third party business relationships. Third parties with which we currently have business relationships, including banks, industry partners, customers and suppliers, may experience uncertainty associated with our U. S. strategy, including with respect to maintaining current or future relationships with us. While we believe, based on the advice of our legal advisors, that we currently comply with all applicable laws and regulations and that we will ~~Farm Bill preserved~~ remain in compliance in the event that Canopy USA acquires Acreage ~~FDA's authority over U.S.hemp- derived consumer products and to date~~, **Wana or Jetty, exercises the Cultiv8 Option (FDA has provided no guidance as defined below) or converts to how cannabinoids other than CBD will be regulated under the Federal Food-TerrAscend Exchangeable Shares into common shares of TerrAscend**, ~~Drug~~ there is a risk that our interpretation of laws, regulations, and Cosmetic**

Aet ("FFDCA") guidelines, may differ from those of others, including those of our banks, industry partners, customers and suppliers. Such uncertainty Future regulatory changes or enforcement actions by the FDA, with respect to cannabigerol or other U.S. hemp-derived cannabinoids, could have a material and adverse effect on our current and future business, operations financial condition, results of operations, financial condition and growth prospects. **Risks Relating to Our Products** 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 affect our profitability. We may not be successful in maintaining the be able to achieve successful in maintaining the consumer brand recognition and loyalty of our business objectives products. We compete in a market that relies on innovation and the ability to react 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 development may success depends in part on our ability and our suppliers' 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 require requires additional financing plain packaging on cannabis products in order to prohibit testimonials, lifestyle branding and packaging that is appealing to youth. The failure to raise such capital restriction on the use of logos and brand names on cannabis products could have result in a delay material adverse effect on or our indefinite postponement of our current business objectives or in our inability, financial condition, results of operations and growth prospects, as it may be difficult to establish brand loyalty. Furthermore, even if we are able to continue to operate distinguish our business products, There there can be no assurance that additional capital the sales, marketing and distribution efforts of or our competitors other types of financing will not be available if needed successful in persuading consumers of or our products to switch to that, if available, the their products terms of such financing will be favorable to us. Some If additional funds are raised through issuances of equity or our convertible debt securities or competitors have greater access to resources than we exchange outstanding debt do, which better positions them to conduct market research in relation to branding strategies for or such securities, existing shareholders 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 could suffer significant dilution, and any new..... claim to such transaction, which may have a material adverse effect on our ability to continue to sell 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 or our products actions at such time, and maintain our market the actual future outcomes may differ from any estimates that are share, which provided by us. Any impairment charges on our carrying value of business arrangements could have a material adverse effect on our business, financial condition, results of operations and growth prospects. Our expansion plans into products have in the United States past and may in the future be subject to recalls. Manufacturers and distributors of products are primarily constituted by sometimes subject to the recall or return of the their products proposed acquisition of Acreage, Wana and Jetty by Canopy USA. See "Business — Our Company — Canopy USA" for a variety of reasons additional information regarding the Acreage Arrangement, the Wana Options and the Jetty Options. These agreements are subject to certain conditions, including, among other things, product defects 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 as contamination, unintended harmful side effects or interactions with the other substances, packaging safety federal laws of the United States and inadequate or inaccurate labeling disclosure the receipt of the certain regulatory approvals. Such conditions While we have not experienced any recalls since 2019 yet occurred. See "— Cannabis is a controlled substance in the United States and therefore subject to the Controlled Substances Act." Accordingly, if any Canopy USA was formed, in part, in order to expedite the consolidation of our products the businesses of Acreage, Wana and Jetty. However, 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 conditions are recalled in 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, Wana or Jetty will be satisfied or waived, or, if satisfied or waived, when they the future will be satisfied or waived and, accordingly, the Acreage Arrangement Agreement (as modified by the Acreage Amending Agreement) and / or the Wana Options, and / or the Jetty Options may not be completed. If, for any reason, we could be required to incur the unexpected expense of Acreage Arrangement, and / or the recall Wana Options, and / or any legal proceedings that might arise in connection with the Jetty Options recall. All customers who are potentially impacted would 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 the Canopy Shares may be notified materially adversely affected. In such events, corrective actions our business, financial condition or results of operations could would be put in place, and existing product and procedures would be re- tested and examined. We may also lose a significant amount be subject to various material adverse consequences, including that we would remain liable for costs relating to the Acreage Arrangement, the Wana Options and the Jetty Options. Even if Canopy USA acquires the Fixed Shares and, if applicable, the Floating Shares, as well as the membership interests of Wana sales and the shares of Jetty, the intended benefits of the Acreage Arrangement and / or the Wana Options and / or the Jetty Options may not be able to replace realized. The Acreage Arrangement, the those Wana Options sales at and an acceptable margin 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 Aereage and / or Wana and / or Jetty operations, (ii) costs and expenses associated with any undisclosed or potential liabilities, (iii) that the Aereage and / or Wana and / or Jetty businesses may not perform as well as anticipated and (iv) that unforeseen difficulties may arise in integrating the Aereage and / or Wana and / or Jetty businesses. We cannot assure you that the Floating Share Arrangement Agreement and / or the Wana Options and / or the Jetty Options will be beneficial to us in the near term or at all. Furthermore, if we fail to realize the intended benefits of the Floating Share Arrangement Agreement and / or the Wana Options and / or the Jetty Options, the market price of the Canopy 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 Aereage 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 Aereage Debt. In addition, **product recalls have in** 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 **the past** will be satisfied. If such conditions precedent are not satisfied, it may result in the acquisition of Aereage not being completed. Controlled substance and **may in other** -- **the future require significant management attention. Although we have detailed procedures in place** legislation and treaties may restrict or limit our ability to research, manufacture and develop a commercial market for our **testing finished** products outside of the jurisdictions in which we currently operate and our expansion into additional jurisdictions is subject to risks. Our ability to expand internationally is also contingent, **in part, upon compliance with applicable..... 1988**). The purpose of these **there** listings is to control and limit the..... a prolonged period of time. There can be no assurance that any **market quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. Additionally, if one or more of our products were subject to recall, our reputation and the reputation of that product could be harmed. A recall of one of our products could lead to decreased demand for that product our or our other** 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 **could** 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, results of operations and growth prospects. Investments outside **Additionally, product recalls may lead to increased scrutiny of our operations by Health Canada and, the FDA, the DEA or the other United States are subject to regulatory agencies, requiring further management attention and potential legal fees and the other** risks normally associated with expenses. Furthermore, any **product recall affecting the cannabis** conduct of business in foreign countries, including varying degrees of political, legal, regulatory and economic risk. Much of our **or hemp** exposure to markets in jurisdictions outside of Canada and the United States is through strategic investments. These investments 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 **industries more broadly could lead consumers to lose confidence in**, imports, exports and currency; the cancellation or renegotiation of contracts; the imposition of royalties, net profits payments, tax increases or other **the** claims **safety and security of the products sold by participants in** government entities, including retroactive claims; a disregard for due process and the **these industries generally** 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, **which could** including elections, 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, results of operations and growth prospects. **The risks include increased "unpaid"..... prospects. Risks Relating to Our Products** There is limited long- term data with respect to the efficacy, side effects and safety 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. Research in Canada, the United States and internationally regarding the benefits, commercial viability, safety, efficacy, dosing and social acceptance of cannabis, U. S.-hemp or isolated cannabinoids (such as CBD and THC) inhaled in dietary supplements, food or cosmetic products remains in early stages. There have been relatively few clinical trials or other controlled studies on the potential benefits of cannabis, U. S.-hemp or isolated cannabinoids in dietary supplements, food, or cosmetic products** and there is limited long- term data with respect to efficacy, side effects and / or interaction of these substances with human or animal biochemistry. As a result, 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. See also " — We are and may become subject to, or prosecute, litigation in the ordinary course of our manufacturing, marketing, distribution and sale of our products ", " — We may be subject to product liability claims. " and " — Our products have in the past and may in the future be subject to recalls. " The statements made by us, including in this **Comprehensive**-Form 10- K, concerning the potential benefits of cannabis, **U. S.-hemp** and isolated cannabinoids are 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, commercial 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 could have a material adverse effect on the demand for our products with the potential to lead to a material adverse effect on business, financial condition, results of operations and growth prospects. Given these risks, uncertainties and assumptions, undue reliance should not be placed on such literature. In particular, the FDA has raised **concerns several questions** regarding the safety of CBD **and cannabinoids, particularly in food and dietary supplements** and gaps in the public scientific literature supporting the use of CBD by the general population. ~~The Controversy~~ **controversy** surrounding vaporizers and vaporizer products and government regulations of vaporizers and vaporizer products may materially and adversely affect the market for vaporizer products and expose us to litigation and additional regulation. There have been a number of highly publicized cases involving lung and other illnesses and deaths that appear to be related to vaporizer devices and / or products used in such devices (such as vaporizer liquids). During this time, the focus has been on the vaporizer devices, the manner in which the devices were used and the related vaporizer device products- THC, nicotine, other substances in vaporizer liquids, possibly adulterated products and other illegal unlicensed cannabis vaporizer products. Some ~~states,~~ provinces, territories and municipalities in Canada ~~and the United States~~ have taken steps to prohibit the sale or distribution of vaporizers, restrict the sale and distribution of such products or impose restrictions on flavors, substances and concentration of substances used, or use of such vaporizers, however some Canadian provinces have already taken steps to reduce such restrictions. Cannabis vaporizers in Canada are regulated under the 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 enacted regulations that 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 government in Quebec has imposed provincial regulatory restrictions on the sale of cannabis vape products, and Health Canada is seeking to limit the flavors of inhaled cannabis extracts. The Cannabis Regulations prohibit promoting a cannabis extract or associated cannabis accessories in a manner that could cause a person to believe that it has the flavor of a confectionery, dessert, soft drink or energy drink. 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 be able to meet any additional compliance requirements or regulatory restrictions, or remain competitive in face of unexpected changes in market conditions. Litigation pertaining to vaporizer products **for nicotine** is ongoing and that litigation could potentially expand to include our products, which would have a material adverse effect on our business, financial condition, operating results, liquidity, cash flow and operational performance. Future research may lead to findings that vaporizers, electronic cigarettes and related products are not safe for their intended use. Vaporizers, electronic cigarettes and related products were recently developed and therefore the scientific or medical communities have had a limited period of time to study the long- term health effects of their use. Currently, there is limited scientific or medical data on 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 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 their use could materially decline. Such a development could also lead to litigation, reputational harm and significant regulation. Loss of demand for our products, product liability claims and increased regulation stemming from unfavorable scientific studies on vaporizer products could have a material adverse effect on our business, financial condition, results of operations and growth prospects. We are subject to risks and uncertainty regarding our U.S.-hemp operations. A small part of our business **in the last year involves involved** products containing U.S.-hemp. There is substantial uncertainty concerning the legal status of U.S.-hemp and U.S.-hemp products containing U.S.-hemp- derived ingredients, including CBD. The status of products derived from the cannabis or hemp plant, under both U. S. federal and state law depends on the THC content of the plant or derivative (including whether the plant meets the statutory definition of " industrial hemp " or " hemp "), the part of the plant from which an individual or entity produces the derivative (including whether the plant meets the statutory definition of " marihuana " under the Controlled Substances Act (" CSA ")), 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 cannabinoid (such as CBD) is not dispositive as to whether the product is legal or illegal. The FDA, for instance, has approved drugs containing synthetic THC, though not naturally derived THC. There may be difficulty in maintaining consistent strains with consistent low levels of THC sufficient to meet U. S. regulatory requirements. Under U. S. federal law, products containing CBD may be unlawful if derived from cannabis (including hemp with a THC concentration greater than 0. 3 % on a dry weight basis), or if derived from U.S.-hemp grown outside the parameters of an 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 CSA. If the DEA takes action against us or other participants in the U.S.-hemp industry, it could have a material and adverse effect on our business, financial condition, operating results, liquidity, cash flow and operational performance. The number of competitors in the U.S.-hemp industry is **expected to increase increasing**, which could adversely affect our market share and demand for our products. Additionally, if the United States takes steps to legalize cannabis, the impact of such a development could result in new entrants into the market and increased levels of competition. Additionally, the U.S.-hemp industry may be impacted by perceived similarities or differences between U.S.-hemp and cannabis. Consumers, vendors, landlords / lessors, industry partners or third- party service providers may incorrectly perceive U.S.-hemp products as cannabis, thereby confusing them for having the THC content of cannabis or for being illegal under U. S. federal law, which potentially impacts our ability to sell our products or obtain the necessary services or supplies to

manufacture, store or transport our products. We may also be required to obtain and maintain certain permits, licenses and approvals in the jurisdictions where we source, process, or sell products derived from U.S.-hemp. We may be unable to obtain or maintain any necessary permits, licenses or approvals. Additional government licenses are currently, and in the future, may be, required in connection with our operations, in addition to other unknown permits and approvals which may be required, including with respect to our other global operations. To the extent such permits, licenses and approvals are required and not obtained, we may be prevented from operating and / or expanding our business, which could have a material adverse effect on our business, financial condition, results of operations and growth prospects. Additionally, U.S.-hemp plants can be vulnerable to various pathogens, including bacteria, fungi, viruses and other miscellaneous pathogens. Such instances often lead to reduced crop quality, stunted growth and / or death of the plant. Moreover, U.S.-hemp is “ phytoremediative ” (meaning that it may extract toxins or other undesirable chemicals or compounds from the ground in which it is planted). Various regulatory agencies have established maximum limits for pathogens, toxins, chemicals and other compounds that may be present in agricultural materials. If U.S.-hemp used in our products is found to have levels of pathogens, toxins, chemicals or other undesirable compounds that exceed limits permitted by applicable law, it may have to be destroyed. Should the U.S.-hemp used in our products be lost due to pathogens, toxins, chemicals or other undesirable compounds, or if we or our suppliers are otherwise unable to obtain U.S.-hemp for use in our products on an ongoing basis, it may have a material and adverse effect on our business, financial condition, operating results, liquidity, cash flow and operational performance. Furthermore, some of our products....., results of operations and growth prospects .

Risks Relating to Regulation and Compliance 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 Arrangement, the Wana Options, the Jetty Options, the right to acquire 99 % of the membership interests of Cultiv8 Interests, LLC (the “ Cultiv8 Option ”), the warrant to acquire 15 % of the common units of Strix II, LLC (the “ Strix Warrant ”) 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 **38-39** states, and the District of Columbia, that have now **passed legislation or** 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. While state regulation in certain U. S. states may take a permissive approach to medical and / or adult- 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 U. S. 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, Wana and Jetty, 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. Based on the advice of our legal advisors with respect to the formation of Canopy USA, the transaction structure was intended to (i) permit us to remain able to represent that we comply with U. S. federal criminal law, particularly direct or indirect violations of the CSA (collectively, “ Applicable Federal Law ”); and (ii) ensure that (a) we do not, directly or indirectly, violate Applicable Federal Law; (b) we will not directly violate U. S. federal law as we do not cultivate, distribute, sell, or possess cannabis in the United States; (c) we do not violate indirect federal law (such as aiding and abetting, conspiracy, or Racketeer Influenced and Corrupt Organizations (RICO) Act) because we do not control or profit from companies that cultivate, distribute, sell, or possess cannabis in the United States; and (d) we do not violate anti- money laundering laws because no funds will flow from entities that cultivate, distribute, sell, or possess cannabis in the United States to us. In particular, based on the advice of our legal advisors, this will not be impacted 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. While we believe, based on the advice of our legal advisors, that we currently comply, and will continue to comply (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), with all applicable laws and regulations, there is a risk that our interpretation of laws, regulations, and guidelines, may differ from those of others, including those of shareholders, government authorities, securities regulators, and stock exchanges. In the event of an aggressive enforcement policy, the U. S. Department of Justice could allege that we and the Board, and potentially our shareholders, “ aided and abetted ” violations of U. S. federal law as a result of the Acreage Arrangement, the Wana Options, the Jetty Options, the Cultiv8 Option, the Strix Warrant 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. Conversely, in the event Canopy USA acquires Acreage, Wana or Jetty, exercises the Cultiv8 Option or converts the TerrAscend Exchangeable Shares into common shares of TerrAscend prior to federal permissibility of cannabis in the U. S., Canopy USA will not be in compliance with Applicable Federal Laws; however, based on the advice of our legal advisors, we do not believe this will have a material adverse effect on us **if since** we **intend to** continue to hold the Non- Voting Shares. 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 operate in highly regulated industries where the regulatory environments are rapidly developing and we may not always succeed in complying fully with applicable regulatory requirements in all jurisdictions where we carry on business. Our business and activities are heavily regulated in all jurisdictions where we carry on business. Our operations are subject to various laws, regulations and guidelines by governmental authorities (including, in Canada, Health Canada and other federal, provincial, **state** and local regulatory agencies ~~and, in the U. S., the FDA, the USDA, DEA, USPTO and FTC and other federal and state agencies~~) relating to, among other things, the cultivation, manufacture, processing, marketing, labeling, packaging, management, transportation, distribution, import, export, storage, sale, pricing and disposal of cannabis, ~~U.S.~~ hemp and cannabis-based products, and also including laws, regulations and guidelines relating to health and safety, insurance coverage, the conduct of operations and the protection of the environment (including relating to emissions and discharges to water, air and land, and the handling and disposal of hazardous and non-hazardous materials and wastes). Our operations may also be affected in varying degrees by government regulations with respect to, among other things, price controls, import or export controls, controls on currency remittance, increased income taxes, restrictions on foreign investment and government policies rewarding contracts to local competitors or requiring domestic producers or vendors to purchase supplies from a particular jurisdiction. Laws, regulations and guidelines, applied generally, grant government agencies and self-regulatory bodies broad administrative discretion over our activities, including the power to limit or restrict business activities as well as impose additional disclosure requirements on our products and services, as well as on our personnel (including management and the Board). Achievement of our business objectives is contingent, in part, upon compliance with regulatory requirements enacted by these governmental authorities and obtaining all necessary regulatory approvals for the cultivation, production, processing, storage, transportation, distribution, sale, import and export, as applicable, of our products. The cannabis and ~~U.S.~~ hemp industries are still new, and in Canada, in particular, the Cannabis Act ~~is a new regime that~~ has no close precedent in Canadian law. Similarly, the regulatory regimes in the jurisdictions in which we and our strategic investments operate outside of ~~the United States and~~ Canada are new and are still being developed without close precedent in such jurisdictions. The effect of relevant governmental authorities' administration, application and enforcement of their respective regulatory regimes and delays in obtaining, or failure to obtain, necessary regulatory approvals may significantly delay or impact the development of markets, products and sales initiatives and could have a material adverse effect on our business, financial condition, results of operations and growth prospects. For example, in the U. S., registered federal trademark protection is only available for goods and services that can be lawfully used in interstate commerce; the USPTO is not currently approving any trademark applications for cannabis, or certain goods containing ~~U.S.~~ hemp-derived CBD (such as dietary supplements and food) until the FDA and the USDA provides clearer guidance on the regulation of such products. The regulatory environment for our products is rapidly developing, and the need to build and maintain robust systems to comply with different and changing regulations in multiple jurisdictions increases the possibility that we may violate one or more applicable requirements. While we endeavor to comply with all relevant laws, regulations and guidelines, any failure to comply with the regulatory requirements applicable to our operations could subject us to negative consequences, including, but not limited to, civil and criminal penalties, damages, fines, the curtailment or restructuring of our operations, asset seizures, revocation or imposition of additional conditions on licenses to operate our business, the denial of regulatory applications (including, in the U. S., by other regulatory regimes that rely on the positions of the DEA, FDA and USDA in the application of their respective regimes), the suspension or expulsion from a particular market or jurisdiction or of our key personnel, or the imposition of additional or more stringent inspection, testing and reporting requirements, any of which could have a material adverse effect on our business, financial condition, results of operations and growth prospects. Additionally, scheduled or unscheduled inspections of our facilities or facilities of our strategic investments or third party suppliers by applicable regulatory agencies could result in adverse findings that could require significant remediation efforts and / or temporary or permanent shutdown of our facilities or those of our strategic investments or third party suppliers. In the United States, failure to comply with FDA and USDA requirements (and analogous state agencies) may result in, among other things, injunctions, product withdrawals, recalls, product seizures, fines and criminal prosecutions. The outcome of any regulatory or agency proceedings, investigations, inspections, audits, and other contingencies could harm our reputation, require us to take, or refrain from taking, actions that could harm our operations or require us to pay substantial amounts of money, harming our results of operations, financial condition and cash flows. Increasingly, communication and coordination among regulators has led in other industries to coordinated responses to regulatory and licensure applications. To the extent that regulators coordinate responses to license applications and regulatory conditions, limitations or denials of licenses in one jurisdiction may lead to denials in other jurisdictions. There can be no assurance that any pending or future regulatory or agency proceedings, investigations, inspections and audits will not result in substantial costs or a diversion of management's attention and resources, adversely impact our future growth plans and opportunities or have a material adverse effect on our business, financial condition and results of operations. If **any part of our** ~~U.S. hemp~~ business activities are found to be in violation of any of ~~U.S.~~ federal, state, **provincial** or local laws or any other governmental regulations, in addition to the items described above: • we may be subject to "Warning Letters," untitled letters, fines, penalties, administrative sanctions, settlements, injunctions, product recalls and / or other enforcement actions arising from civil, administrative or other proceedings initiated that could adversely affect our business, financial condition, operating results, liquidity, cash flow and operational performance; • the profits or revenues derived therefrom could be subject to anti-money laundering statutes, including the Money Laundering Control Act, which could result in significant disruption to our ~~U.S. hemp~~ business operations and involve significant costs, expenses or other penalties; and • our suppliers, service providers and distributors may elect, at any time, to breach, terminate or otherwise cease to participate in supply, service or distribution agreements, or other relationships, on which our operations rely. We and our strategic investments are reliant on required licenses, authorizations, approvals and permits for our ability to grow, process, store and sell cannabis, ~~U.S.~~ hemp and

cannabinoids which are subject to ongoing compliance, reporting and renewal requirements. We are dependent on our existing licenses from Health Canada in order to grow, store, process and sell cannabis. These licenses are subject to ongoing compliance and reporting requirements. Failure to comply with the requirements of these licenses or failure to maintain these licenses could have a material adverse effect on our business, financial condition, results of operations and growth prospects. There can be no guarantee that a license will be extended or renewed or, if extended or renewed, that it will be extended or renewed on terms that are favorable to us or that Health Canada will not revoke the licenses. Should we fail to comply with requirements of the licenses, should Health Canada not extend or renew the licenses, should they be renewed on different terms (including not allowing for anticipated capacity increases) or should the licenses be revoked or suspended, our business, financial condition, results of operations and growth prospects will be materially adversely affected. In addition, our ability to grow our business may be dependent on securing and maintaining certain new licenses. Failure to comply with the requirements of any license application or failure to obtain and maintain the appropriate licenses with the relevant authorities would have a material adverse effect on our business, financial condition, results of operations and growth prospects. There can also be no guarantees that regulatory authorities will issue the required licenses to us. Changes in the laws, regulations and guidelines governing cannabis and U.S.-hemp may adversely affect our business. Our current operations are subject to various laws, regulations and guidelines promulgated by governmental authorities (including, in Canada, Health Canada and, in the U. S., the FDA, the USDA, DEA, FTC and USPTO, and analogous state agencies) relating to the marketing, acquisition, manufacture, packaging / labeling, management, transportation, storage, sale and disposal of cannabis or U.S.-hemp. We are also subject to laws and regulations relating to health and safety, insurance coverage, the conduct of operations and the protection of the environment (including relating to emissions and discharges to water, air and land, the handling and disposal of hazardous and non- hazardous materials and wastes). Additionally, our growth strategy continues to evolve as regulations governing the cannabis industry in the jurisdictions in which we operate become more fully developed. Interpretation of these laws, rules and regulations and their application to our operations is ongoing. No assurance can be given that new laws, regulations and guidelines will not be enacted or that existing laws, regulations and guidelines will not be amended, repealed or interpreted or applied in a manner which could require extensive changes to our operations, increase compliance costs, give rise to material liabilities or a revocation of our licenses and other permits, restrict the growth opportunities that we currently anticipate or otherwise limit or curtail our operations .~~For example, the Cannabis Act requires the federal government to conduct a review of the Cannabis Act after three years, which was anticipated to commence in October 2021 but only recently on November 24, 2022, did the Canadian federal government announce the independent expert panel that will review the Cannabis Act. This statutory review may lead to the amendment, removal or addition of provisions in or to the Cannabis Act, which could adversely affect our business.~~ Amendments to current laws, regulations and guidelines governing the production, sale and use of cannabis and cannabis- based products, more stringent implementation or enforcement thereof or other unanticipated events, including changes in political conditions and / or regimes or political instability, currency controls, fluctuations in currency exchange rates and rates of inflation, labor unrest, changes in taxation laws, regulations and policies, restrictions on foreign exchange and repatriation, governmental regulations relating to foreign investment and the cannabis business more generally, and changes in attitudes toward cannabis, are beyond our control and could require extensive changes to our operations, which in turn may result in a material adverse effect on our business, financial condition, results of operations and growth prospects. While the production of cannabis in Canada is under the regulatory oversight of the Canadian federal government, the distribution and retail sale of adult- use cannabis in Canada falls within the jurisdiction of the provincial and territorial governments. The impact of the legislation regulating adult- use cannabis passed in such provinces and territories on the cannabis industry and on our business plans and operations is uncertain. Certain Canadian provinces and territories have announced certain restrictions that are more stringent than the federal rules or regulations such as retail sale and marketing restrictions, bans on certain types of cannabis products, raising minimum age of purchase and flavor restrictions. For example, Quebec does not currently permit sales of cannabis vaporizers and limits the sale of other high THC non- edible cannabis products. In **April 2023, the Supreme Court of Canada affirmed the provinces' power to enact regulations that are more restrictive than the federal regime.** In addition, the distribution and retail channels and applicable rules and regulations in the provinces continue to evolve , and our ability to distribute and **retail sell cannabis and** cannabis products in Canada is dependent on the ability of the provinces and territories of Canada to establish licensed retail networks and outlets .~~In response to the COVID-19 pandemic, various provinces and territories introduced a variety of response measures that impacted their respective cannabis regimes, which include certain jurisdictions: forced store closures, restrictions or bans on in- store shopping experiences, and the authorization of private delivery services.~~ There is no guarantee that the applicable legislation regulating the distribution and sale of cannabis for adult- use purposes , ~~including as amended to respond to the COVID-19 pandemic,~~ will allow for the growth opportunities we currently anticipate **and may result in a material adverse effect on our business, financial condition and results of operations. In December 2023, Health Canada released guidance on cannabis products deliberately made with intoxicating cannabinoids other than delta-9- THC. Health Canada defines “ intoxicating cannabinoids ” as cannabinoids that bind to and activate the type 1 cannabinoid receptor (CB1 receptor) and the guidance includes a list of 9 cannabinoids which can be revised as new evidence becomes available. This guidance recommends that cannabis license holders apply the regulatory controls (including limits on the amount of cannabinoids in certain products) currently applicable to delta-9- THC to all other cannabinoids that Health Canada considers to be “ intoxicating cannabinoids ” in order to minimize the risks of accidental consumption, overconsumption and adverse effects. This guidance comes at a time when various provincial regulators (such as those in Ontario, British Columbia and Alberta) are actively evaluating whether to permit the sale of or how to evaluate limits on the levels of certain cannabinoids (such as tetrahydrocannabivarin and cannabivarin). Provincial and territorial distributors may take different positions on the sale and distribution of products with various cannabinoids and may decide to ban, limit or implement new guidance on**

the types of cannabis products permitted for sale in each of their jurisdictions (including in response to Health Canada's guidance on intoxicating cannabinoids) which may result in some or all of our products being viewed as non-compliant with applicable law or non-binding policy guidance. Furthermore, additional countries continue to pass laws that allow for the production and distribution of cannabis in some form or another. We have some subsidiaries, investments and strategic alliances in place outside of Canada ~~and the United States~~, which may be affected if more countries legalize cannabis. Increased international competition and limitations placed on us by Canadian regulations might lower the demand for our products on a global scale. We also face competition in each jurisdiction outside of Canada ~~and the United States~~ where we have subsidiaries, investments and strategic alliances with local companies that have more experience, more in-depth knowledge of local markets or applicable laws, regulations and guidelines or longer operating histories in such jurisdictions. We are subject to certain restrictions of the TSX and Nasdaq, which may constrain our ability to expand our business in the United States. The Canopy Shares are currently listed on the TSX and Nasdaq, and accordingly, so long as we choose to continue to be listed on these exchanges, we must comply with the TSX and Nasdaq requirements or guidelines when conducting business, especially when pursuing opportunities in the United States. On October 16, 2017, the TSX provided clarity regarding the application of Sections 306 (Minimum Listing Requirements) and 325 (Management) and Part VII (Halting of Trading, Suspension and Delisting of Securities) of the TSX Company Manual (collectively, the "TSX Requirements") to TSX-listed issuers with business activities in the cannabis sector. In TSX Staff Notice 2017-0009, the TSX notes that issuers with ongoing business activities that violate U. S. federal law regarding cannabis are not in compliance with the TSX Requirements. The TSX reminded issuers that, among other things, should the TSX find that a listed issuer is engaging in activities contrary to the TSX Requirements, the TSX has the discretion to initiate a delisting review. Although we believe that we currently comply with all applicable laws and regulations, including the TSX Requirements, there is a risk that our interpretation may differ from the TSX and failure to comply with the TSX Requirements could result in a delisting of the Canopy Shares from the TSX or the denial of an application for certain approvals, such as to have additional securities listed on the TSX, which could have a material adverse effect on the trading price of the Canopy Shares and could have a material adverse effect on our business, financial condition, results of operations and growth prospects. 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. **In connection with our creation of Canopy USA, Nasdaq Regulation indicated its position that companies that consolidate "the assets and revenues generated from activities in violation under federal law cannot continue to list on Nasdaq."** **Canopy USA exercised its options to acquire Wana and Jetty on May 6, 2024. As of April 30, 2024, Canopy Growth has deconsolidated the financial results of Canopy USA and has a non-controlling interest in Canopy USA as of such date, which will be accounted for as an equity method (fair value) investment until such time as a Stock Exchange Permissibility Date occurs. Based on our discussions with the OCA, we believe that the SEC would not object to the deconsolidation of the financial results of Canopy USA from the Company's financial statements in accordance with U. S. GAAP once Canopy USA acquires Wana, Jetty or the Fixed Shares of Acreage. However, there can be no assurance that the SEC will agree with the Company's accounting treatment of Canopy USA in the future.** Failure to comply with any requirements imposed by Nasdaq could result in the delisting of the Canopy 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 the Canopy Shares. Federal law in the United States may impose restrictions on our ability to bank with certain institutions, repatriate funds to Canada or pay dividends to shareholders. The U. S. federal prohibitions on the sale of cannabis may result in us or Canopy USA being restricted from accessing the U. S. banking system, and we **or Canopy USA** may be unable to deposit funds in federally insured and licensed banking institutions. Banking restrictions could be imposed due to institutions not accepting payments and deposits. We are **, and Canopy USA will be upon exercise of any of the Jetty Options, Wana Options or Acreage Option, as applicable,** at risk that any of our **and Canopy USA's** bank accounts could be closed at any time. Such risks increase our costs and our ability to handle any revenue received. In addition, activities in the U. S., and any proceeds derived thereof, may be considered proceeds of crime due to the fact that cannabis remains federally illegal in the U. S. This may restrict our ability to declare or pay dividends, effect other distributions or subsequently repatriate such funds back to Canada. We may be subject to heightened scrutiny by regulatory authorities. Any future investments, joint ventures or operations in the United States, may become the subject of heightened scrutiny by regulators, stock exchanges and other authorities in Canada and / or the United States. As a result, we may be subject to significant direct and indirect interaction with public officials. There can be no assurance that this heightened scrutiny will not in turn lead to the imposition of certain restrictions on our ability to invest in the United States or any other jurisdiction, in addition to those described herein. 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 **USDA, the** FTC under the Federal Trade Commission Act **, and 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. On April 13, 2023, the FTC also announced an initiative to impose greater scrutiny of the substantiation of claims made in advertising, specifically with regard to claims of health or nutritional benefits from supplements and other over the counter products. The initiative involved sending notices to approximately 670 companies involved in the marketing of OTC drugs, homeopathic products, dietary supplements, or functional foods, that the companies could incur significant civil penalties if they fail to adequately substantiate their product claims in ways that run counter to the litigated decisions of prior FTC administrative cases. In guidance issued on December 20, 2022, the FTC issued updated guidance on Health Products compliance, restating its general policy of requiring that if a company makes a claim about the health or safety benefits of a product, that claim must be based on scientific evidence. If a company claims that its product can cure, mitigate, or treat a serious disease such as cancer or heart disease, it must back up that claim through the accepted standards of scientific testing, a more stringent standard than the FDA has generally applied under the Dietary Supplement Health & Education Act of 1994. Under that Act, the FDA has generally required only that the advertising and labeling be truthful and not misleading, and does not require that supplements be regulated to the same level of scientific evidence as required for drugs. Canopy Growth believes that the labeling and advertising of its products are truthful, not misleading, and are supported by reasonable evidence. However, we cannot give any assurances of the FTC’s views of what degree of scientific or other evidence may be required in its view to substantiate implied and express claims. **If While we no longer sell a significant amount of hemp derived products in the U. S., if** the FTC were to bring administrative proceedings, the Company would be required to incur expenses to defend its labeling and could be required to develop additional supporting evidence or to change its advertising and labeling. To date the Company has not received any FTC requests. 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, the handling and disposal of hazardous and non- hazardous materials and wastes, and employee health and safety. Accordingly, we will incur ongoing costs and obligations related to compliance with environmental and employee health and safety matters. In addition, changes in environmental, employee health and safety or other laws, more vigorous enforcement thereof or other unanticipated events could require extensive changes to our operations or give rise to material liabilities, which could have a material adverse effect on our business, financial condition, results of operations and growth prospects. Further, compliance with GMP requires satisfying additional standards for the conduct of our operations and subjects us to ongoing compliance inspections in respect of these standards in connection with our GMP certified facilities. Compliance with safety, health and environmental laws and regulations can require significant expenditures, and failure to comply with such safety, health and environmental laws and regulations may result in the imposition of fines and penalties, the temporary or permanent suspension of operations, the imposition of clean- up costs resulting from contaminated properties, the imposition of damages and the loss of or refusal of governmental authorities to issue permits or licenses to us or to certify our compliance with GMP standards. Exposure to these liabilities may arise in connection with our existing operations, our historical operations and operations that we may undertake in the future. We could also be held liable for worker exposure to hazardous substances and for accidents causing injury or death. There can be no assurance that we will at all times be in compliance with all safety, health and environmental laws and regulations notwithstanding our attempts to comply with such laws and regulations. ~~Our employees or investors could face detention, denial of entry or lifetime bans from United States for their business associations with us. Cannabis remains illegal under U. S. federal law. Individuals employed at or investing in cannabis companies could face detention, denial of entry or lifetime bans from the United States for their business associations with cannabis businesses. Entry to the United States is granted at the sole discretion of the U. S. Customs and Border Protection (“ CBP ”) officers on duty, and these officers have wide latitude to ask questions to determine the admissibility of a foreign national. The government of Canada has started warning travelers that previous use of cannabis, or any substance prohibited by U. S. federal laws, could result in denial of entry to the United States. Business or financial involvement in the cannabis industry in Canada or in the United States could also be reason enough for CBP officers to deny entry. On September 21, 2018, CBP released a statement outlining its position with respect to enforcement of the laws of the U. S. It stated that Canada’s legalization of cannabis will not change CBP enforcement of U. S. laws regarding controlled substances and because cannabis continues to be a controlled substance under U. S. law, working in or facilitating the proliferation of the cannabis industry in U. S. states or Canada may affect admissibility to the United States. On October 9, 2018, CBP released an additional statement regarding the admissibility of Canadian citizens working in the legal cannabis industry. CBP stated that a Canadian citizen working in or facilitating the proliferation of the legal cannabis industry in Canada coming into the United States for reasons unrelated to the cannabis industry will generally be admissible to the United States; however, if such person is found to be coming into the United States for reasons related to the cannabis industry, such person may be deemed inadmissible. Employees, directors, officers, managers and investors of companies involved in business activities related to cannabis in Canada or the United States (such as us), who are not U. S. citizens, face the risk of being barred from entry into the United States for life. Despite the fact that our U. S.~~

~~hemp activities are legal pursuant to the 2018 Farm Bill, due to the nature of the business as a whole, individuals employed by or investing in us could face a such a ban.~~ Anti- money laundering and other banking laws and regulations can limit our ability to access financing and hamper our growth. We are subject to a variety of domestic and international laws and regulations pertaining to money laundering, financial recordkeeping and proceeds of crime, including the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada), as amended and the rules and regulations thereunder, the Criminal Code (Canada) and any related or similar rules, regulations or guidelines, issued, administered or enforced by governmental authorities internationally. In the event that any of our operations or investments, any proceeds thereof, any dividends or distributions therefrom, or any profits or revenues accruing from such operations or investments were found to be in violation of money laundering legislation, such transactions may be viewed as proceeds of crimes under one or more of the statutes noted above or any other applicable legislation. This could restrict or otherwise jeopardize our ability to declare or pay dividends, effect other distributions or subsequently repatriate such funds back to Canada. Furthermore, while we have no current intention to declare or pay dividends in the foreseeable future, in the event that a determination was made that proceeds obtained by us could reasonably be shown to constitute proceeds of crime, we may decide or be required to suspend declaring or paying dividends without advance notice and for an indefinite period of time. In February 2014, FinCEN of the U. S. Department of the Treasury issued the FinCEN Marijuana- Related Guidance. The FINCEN Marijuana- Related Guidance states that in some circumstances, it may not be appropriate to prosecute banks that provide services to marijuana- related businesses for violations of federal money laundering laws. It refers to supplementary guidance that then Deputy Attorney General Cole issued to federal prosecutors relating to the prosecution of money laundering offenses predicated on Cannabis- related violations of the CSA. It is unclear at this time whether the current or future administrations will follow the guidelines of the FINCEN Marijuana- Related Guidance. Following the passage of the 2018 Farm Bill, FinCEN, along with other federal banking regulators, released the FinCEN Hemp Statement. In June 2020, FinCEN issued the FinCEN Hemp Guidance. The FinCEN Hemp Statement and FinCEN Hemp Guidance provided financial institutions with anti- money laundering risk considerations for hemp- related businesses to ultimately enhance the availability of financial services for, and the financial transparency of, hemp- related businesses in compliance with federal law. The FinCEN Hemp Statement and FinCEN Hemp Guidance do not replace or supersede the FinCEN Marijuana- Related Guidance. Under U. S. federal law, banks or other financial institutions that provide a Cannabis- related business with a checking account, debit or credit card, small business loan, or any other service could be found guilty of money laundering, aiding and abetting, or conspiracy. As a result, we may have limited or no access to banking or other financial services in the United States and we may be unable to deposit funds in federally insured and licensed banking institutions. Banking restrictions could be imposed due to institutions not accepting payments and deposits. We are at risk that any of our bank accounts could be closed at any time. The inability or limitation on our ability to open or maintain bank accounts in the United States, to obtain other banking services and / or accept credit card and debit card payments may make it difficult to operate and conduct our business as planned in the United States. Such risks increase our costs and our ability to handle any revenue received. Although multiple legislative reforms related to cannabis and cannabis- related banking are currently being considered by the federal government in the United States, such as the Secure and Fair Enforcement Banking Act, there can be no assurance that this or any similar legislation will become law in the United States. 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), the FCPA and other similar laws which generally prohibit companies and employees from engaging in bribery or other prohibited payments to government 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 policies mandate compliance with these anti- corruption and anti- bribery laws. 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. 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 criminal and / or civil penalties and other consequences that may have a material adverse effect on our business, financial condition, results of operations and growth prospects. We must rely on local counsel and consultants with respect to laws and regulations in countries outside of Canada. The legal and regulatory requirements in the foreign countries in which we operate with respect to the cultivation and sale of cannabis, banking systems and controls, as well as local business culture and practices are different from those in Canada. Our officers and directors must rely, to a great extent, on local legal counsel and consultants in order to keep abreast of material legal, regulatory and governmental developments as they pertain to and affect our business, financial condition, results of operations and growth prospects, and to assist with governmental relations. We must rely, to some extent, on those members of management and our 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 in respect of banking, financing, labor, litigation and tax matters in these jurisdictions. Any developments or changes in such legal, regulatory or governmental requirements or in local business practices are beyond our control. The impact of any such changes may adversely affect our business, financial condition, results of operations and growth prospects. **Any rescheduling of U. S. Schedule I cannabis to Schedule III would have an uncertain impact on our business. In August 2023, the HHS recommended that the DEA move marijuana from Schedule I to Schedule III under the CSA and on May 16, 2024, the DEA issued a proposed rule to reclassify marijuana from its current classification as a Schedule I drug to a Schedule III drug. There can be no assurance that the proposed DEA rule will go into effect in its present form or at all, and the impacts of any such adoption on our business and competitive position are unclear. For**

example, rescheduling marijuana from Schedule I to Schedule III may be accompanied by additional regulatory obligations as prerequisite to participate in the U. S. market, and it may provide a greater benefit to the businesses of our competitors than our business, including by providing favorable tax treatment to their U. S. operations. The rescheduling of marijuana from Schedule I to Schedule III could result in significant volatility in the market for the Canopy Shares. To the extent that market speculation results in an increase in the price of the Canopy Shares, the price of the Canopy Shares could decline significantly thereafter if the DEA fails to act on the recommendation or investor optimism fades.

Risks Relating to Competition, Performance and Operations We may not successfully execute our business strategy. We may be unable to pursue our business 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, 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 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, 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 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, results of operations and growth prospects could be adversely affected if we encounter difficulties in effectively managing the budgeting, forecasting and other process control issues presented by future growth.

~~Further, as we rely more heavily on third-party manufacturing, our success may be contingent on procuring favorable terms under manufacturing arrangements with license holders.~~ 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 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 **have occurred on a few occasions in the past and** may occur from period to period **in the future. Continued pricing pressures in the markets in which we operate may result in further inventory write-downs**. 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 material adverse 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. A significant component of our current revenues are 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, 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-use 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 adult-use use.~~ As a result of the implementation of the Cannabis Act and the legalization of adult cannabis use, numerous **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 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 may in the future, result in significant inventory write-downs **and downward pressure on wholesale prices of our products**. 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, results of operations and growth prospects. We may be unsuccessful in competing in the legal adult- use cannabis market in Canada **and Germany**. We face competition from a large number of existing license holders licensed under the Cannabis Act. Certain of these competitors may have significantly greater financial, production, marketing, 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 adult- use cannabis industry in Canada. Our commercial opportunity in the adult- use market could be reduced or eliminated if our competitors produce and commercialize products for the adult- use market that, among other things, are safer, more effective, more convenient or less expensive than the products that we produce, have greater sales, marketing and distribution support than our products, enjoy enhanced timing of market introduction and perceived effectiveness advantages over our products or receive more favorable publicity than our products. If our adult- use products do not achieve an adequate level of acceptance by the adult- use market, we may not generate sufficient revenue from these products, and our 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 adult- use cannabis market, or a significant number of individuals take advantage of the ability to cultivate and use their own cannabis, our adult- use business may be 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 effect on our business, financial condition, results of operations and growth prospects. **Similar to the Canada, Germany now allows for limited household cultivation of cannabis and the personal possession of cannabis for medical consumption. As is the potential risk in Canada, if we are unable to effectively compete with other suppliers to the adult- use cannabis market in Germany, or a significant number of individuals take advantage of the ability to cultivate and use their own cannabis, our adult- use business may be adversely affected.** We face competition from the illegal cannabis market **in every market we sell our products**. We face competition from illegal market ~~operators~~ **participants** that are unlicensed and unregulated, and that are selling cannabis and cannabis products, including products with higher concentrations of active ingredients, using flavors 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, financial condition, results of operations and growth prospects, **as well as the perception of cannabis use.** **Regulatory non- compliance by licensed cannabis competitors may have an adverse effect on our business, results of operations and financial condition. In addition to competition from illegal market participants, we may also face competition from licensed cannabis competitors that fail to comply with the regulations governing the cannabis industry when developing and selling cannabis products. These competitors may be able to produce and sell products with significantly higher cannabinoid potencies or which include ingredients that are prohibited by law. If regulatory authorities are delayed in, or fail to, effectively restrict the sale and distribution of such non- compliant cannabis products by our competitors, there may be a material adverse effect on our business, results of operations and financial condition, as well as the perception of cannabis use.** 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. **In 2023, we 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. The restatement has led to shareholder litigation and may in the future lead to additional shareholder litigation. In 2023, we restated our previously issued (i) audited consolidated financial statements for the fiscal year ended March 31, 2022, included in the Form 10- K for such period, 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 (collectively, the “Prior Financial Statements”).** 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 remediation of material weaknesses in our internal control over financial reporting. **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 the 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. In addition, putative class action lawsuits alleging violations of securities laws have been filed against the Company and members of its management in connection with the restatement of the Prior Financial Statements. 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. 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). 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. For example, as disclosed under “Item 9A. Controls and Procedures” in our Annual Report on Form 10- K for the fiscal year ended March 31, 2023 (“2023 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 prior 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, June 30, 2023, September 30, 2023 and December 31, 2023. Although we have remediated the material weaknesses and ineffectiveness of the Company’s internal control over financial reporting and disclosure controls and procedures, there can be no assurance that we will not identify new material weaknesses or significant deficiencies in our internal control over financial reporting in the future. 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. In this regard, we were unable to file our 2023 Form 10- K on a timely basis due to the material weaknesses discussed above and the related restatement of the Prior Financial Statements, which adversely affected the price of the Canopy Shares and our ability to raise capital. We cannot provide assurance that we will be able to file our financial reports on a timely basis in the future. Failure to accurately report our financial performance on a timely basis could also jeopardize our listing on the TSX and / or Nasdaq. Delisting of the Canopy Shares on any stock 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 likely 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. We rely on third- party manufacturers and distributors to manufacture and distribute our products, and those 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 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 adversely affect our revenue and may require significant management attention. As we rely more heavily on third- party manufacturing, our success may be contingent on procuring favorable terms under manufacturing arrangements with license holders. 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 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, results of

operations and growth prospects. Rising costs associated with the courier services that we use to ship our products may also adversely 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 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 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 ~~U.S.~~-hemp, cannabis products and non- cannabis product suppliers who may face financial difficulties, which 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 in the past, and may in the future, have disruptions in our supply chain and need to take allowances against and need to write off receivables due to 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 results 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 our business, sales and margin performance, net income, cash flows and the trading price of the Canopy Shares. 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, 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 material adverse effect on our business, financial condition, results of operations 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 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 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 on our business, financial condition, 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, 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 effect on our business, financial condition, results of operations and growth prospects. 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 adversely affect our business, financial condition, results of operations and growth prospects. For example, we may not be able to enter into supply agreements or negotiate favorable prices. In addition, 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~~ **A significant number** of dispensaries, many illegal dispensaries are still in operation, providing additional competition. If the number of users of medical and / or 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 research and development, sales and customer support. We may not have sufficient resources to maintain research and development, sales and customer support efforts on a competitive basis, which could have a material adverse effect on our business, financial condition, 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 adult- use cannabis market, could have a material adverse effect on our business, financial condition, results of operations and growth prospects. Additionally, the legal landscape for medical and 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 adult- use cannabis as well. Increased international competition could have a material adverse effect on our business, financial condition, results of operations and growth prospects. 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 unauthorized activity 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 material adverse effect 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, results of operations and growth prospects. Our production facilities are integral to our operations and any adverse changes or developments affecting our facilities may affect our business, financial condition, results of operations and growth prospects. Our activities and resources are focused on various production and manufacturing facilities. 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. 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 cultivation** rooms ~~or and the expansion of~~ **storage areas** ~~oil extraction capacity~~, will require Health Canada approval. There is no guarantee that Health Canada will approve expansions and / or renovations, which could adversely affect our business, financial condition, results of operations and growth prospects. We are subject to risks inherent in an 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 have certain outdoor cultivation capacity and there can be no assurance that natural elements, such as insects and plant diseases, will not interrupt our production activities or have an adverse effect on our business, financial condition, results of operations and growth prospects. 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 are and may become subject to a variety of privacy and data security laws and contractual obligations, which could increase compliance costs and our failure to comply with them could subject us to potentially significant fines or penalties and otherwise harm our business. We maintain an array of sensitive information, including confidential business and personal information in connection with our operations, and are subject to laws and regulations governing the privacy and security of such information. The global data protection landscape is rapidly evolving, and we may be affected by or subject to new, amended or existing laws and regulations in the future, including as our operations continue to expand and we operate in foreign jurisdictions. These laws and regulations may be subject to differing interpretations, which adds to the complexity of collecting, using, disclosing and processing personal data. Guidance on implementation and compliance practices are often updated or otherwise revised. In the United States, there are numerous federal and state privacy and data security laws and regulations governing the collection, use, disclosure and protection of personal information, including federal and state health information privacy laws, state laws addressing sensitive data, such as biometric information, federal and state security breach notification laws and federal and state consumer protection laws. Each of these laws is subject to varying interpretations and constantly evolving. While the United States lacks a nationwide privacy law of general applicability, certain state laws govern the privacy and security of personal information, many of which differ from each other in significant ways and may not have the same effect, thus complicating compliance efforts. For example, the California Consumer Privacy Act (“CCPA”), which took effect on January 1, 2020, gives California residents expanded rights to access and delete their personal information, opt out of certain personal information sharing, and receive detailed information about how their personal information is used. The CCPA provides for civil penalties for violations, as well as a private right of action for data breaches that is expected to increase data breach litigation. The CCPA may increase our compliance costs and potential liability. Further, the California Privacy Rights Act (“CPRA”), which took effect on January 1, 2023 and with enforcement beginning July 1, 2023, amended and expanded the CCPA, giving California residents additional control over their personal information and imposing further obligations on businesses processing the personal information of California residents. The CPRA includes the creation of a privacy- specific enforcement agency, the first of its kind in any U. S. state, which will be responsible for enforcing the new law. Additional states, including **, but not limited to,** Colorado, Virginia, Connecticut, Indiana, Iowa, Tennessee, Texas and Utah, have also adopted state- specific privacy regimes similar to California’s law and to legal regimes in place outside the United States. The state- specific regimes in Virginia, Colorado, Utah and Connecticut ~~took became or will become effective~~ **effect** in 2023 **, and other states’ laws take effect over the course of 2024 and 2025**. In addition to state laws, the Federal Trade Commission (“FTC”) takes the view that failing to take appropriate steps to keep consumers’ personal information secure may constitute unfair acts or practices in or affecting commerce in violation of Section 5 (a) of the Federal Trade Commission Act (the FTCA), 15 U. S. C § 45 (a). The FTC expects a company’s data security measures to be reasonable and appropriate in light of the sensitivity and volume of consumer information it holds, the size and complexity of its business and the cost of available tools to improve security and reduce vulnerabilities. Individually identifiable health information is considered sensitive data that merits stronger safeguards. Outside the United States, numerous countries have adopted generally applicable data privacy regimes at the national level. For example, the European Parliament and the Council of the European Union adopted a comprehensive general data privacy regulation (“GDPR”) in 2016 to replace the then- current European Union Data Protection Directive and related country- specific legislation. The GDPR took effect in May 2018 and governs the collection and use of personal data in the European Union. The GDPR, which is wide- ranging in scope, imposes several requirements relating to the consent of the individuals to

whom the personal data relates, the information provided to the individuals, the security and confidentiality of the personal data, data breach notification and the use of third-party processors in connection with the processing of the personal data. The GDPR also imposes strict rules on the transfer of personal data out of the European Union, enhances enforcement authority and imposes large penalties for noncompliance, including the potential for fines of up to € 20 million or 4 % of the annual global revenues of the infringer, whichever is greater. The withdrawal of the United Kingdom from the European Union further complicated European data protection compliance obligations, as we must also comply with data privacy and security laws in effect in the UK that are substantially similar to the GDPR, but may diverge over time. In Canada, the Personal Information Protection and Electronics Documents Act (Canada) (“ PIPEDA ”), the Personal Information Protection Act (Alberta), the Personal Information Protection Act (British Columbia), and the Act respecting the protection of personal information in the private sector (Quebec) govern the collection, use, and disclosure of personal information by private sector organizations. The Office of the Privacy Commissioner of Canada has stated that it considers the personal information of cannabis users is to be considered sensitive. Canadian privacy jurisprudence regarding the obligations that private sector organizations have to individual data subjects is constantly evolving. Privacy laws in Canada are also changing at the legislative level. On September 22, 2022, the Quebec government adopted Bill 64, an Act to modernize legislative provisions as regards the protection of personal information, which enacts significant changes to the requirements in Quebec relating to the collection, use, and disclosure of personal information, including, without limitation, by providing individuals with more significant rights and control over their personal information that are in many ways similar to the rights provided to data subjects under the GDPR. Many entities that are doing business in Quebec **must and** will need to implement significant changes to the ways in which they process **collect, use, and disclose the** personal information **of data subjects in Quebec**. **Certain** ~~Additionally,~~ **amendments to** ~~under~~ Bill 64 ~~are scheduled to come~~ **came** into force on September 22, 2023, **and further amendments are scheduled to** **come into force on** September 22, 2024. On June 17, 2021, the Province of Ontario commenced a public consultation on modernizing Ontario’s legislative framework focusing on strengthening privacy laws in Ontario. The scope and nature of any new privacy legislation to be introduced in the Province of Ontario remains to be determined and it is possible that such legislation will introduce new restrictions and obligations on private sector organizations. On the federal level, on June 16, 2022, the Canadian Federal Government introduced Bill C- 27. If adopted, Bill C- 27, would replace PIPEDA with consumer privacy-specific legislation. Additionally, Bill C- 27, would introduce the Artificial Intelligence Data Act. Bill C- 27 is in the legislative process, currently at consideration in the House of Commons. The penalties and enforcement measures available to Canadian regulators for non- compliance that are contemplated under Bill C- 11, Bill C- 27, and Bill 64 are more significant than those that are available under current privacy and data protection legislation in Canada. In addition, with respect to consumer health information, there are a number of federal, state and provincial laws protecting the confidentiality of certain patient health information, including patient records, and restricting the use and disclosure of that protected information. For example, the privacy rules under PIPEDA and other applicable privacy laws protect medical records and other personal health information by limiting their use and disclosure of health information to the minimum level reasonably necessary to accomplish the intended purpose and apply to our operations globally. In Canada, we may also be required to retain certain customer personal information for prescribed periods of time pursuant to the Cannabis Act. In the United States, the Health Insurance Portability and Accountability Act (“ HIPAA ”) imposes privacy and security requirements and breach reporting obligations with respect to individually identifiable health information upon “ covered entities ” (health plans, health care clearinghouses and certain health care providers), and their respective business associates, individuals or entities that create, received, maintain or transmit protected health information in connection with providing a service for or on behalf of a covered entity. HIPAA mandates the reporting of certain breaches of health information to the ~~U. S. Department of Health and Human Services (“ HHS ”)~~, affected individuals and if the breach is large enough, the media. Entities that are found to be in violation of HIPAA as the result of a breach of unsecured protected health information, a complaint about privacy practices or an audit by HHS, may be subject to significant civil, criminal and administrative fines and penalties and / or additional reporting and oversight obligations if required to enter into a resolution agreement and corrective action plan with HHS to settle allegations of HIPAA non-compliance. In addition, provisions of the Americans with Disabilities Act require confidential treatment of employee medical records. If we were found to be in violation of the privacy or security rules under PIPEDA, HIPAA, or other applicable laws protecting the confidentiality of health information in jurisdictions we operate in, we could be subject to sanctions and civil or criminal penalties, which could increase our liabilities, harm our reputation and have a material adverse effect on our business, financial condition, results of operations and growth prospects. Additional 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. 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, financial condition, results of operations and growth prospects. We 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 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 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 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 are dependent upon information technology systems in the conduct of our operations and 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. 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, results of operations and growth prospects. 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, financial condition, results of operations and growth prospects. We are and may become subject to, or prosecute, 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, results of operations and growth prospects. 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 the Canopy 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, 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 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 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, or death**. 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 incorrectly 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 polyfluoroalkyl 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, results of operations and growth prospects. Please refer to “ Part 1 – Legal Proceedings ” under Item 3 of this ~~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 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 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 the Canopy Shares on the TSX and Nasdaq, our financial position, operating results, profitability or liquidity or the market price of the Canopy 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, 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, 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 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 our business, financial condition, results of 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, merge with other companies or consummate certain changes of control, acquire other companies, open new offices that contain a material 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. ~~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 no guarantee that 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 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 our 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. **There is** ~~In addition, we previously announced the Canadian Transformative Plan, which included, among other things, aligning general and~~ **an inherent risk** ~~administrative costs with short-term business expectations and a reduction in headcount impacting a number of employees. The Canadian Transformative Plan could lead to increased~~ **attrition amongst those employees who were not directly affected by the our previous reduction-reductions** 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, 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 material adverse effect on our financial results. 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 the Canopy 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 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 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 integrity and confidentiality of our inventions, trade secrets, technical know-how and proprietary information by maintaining physical security of our premises and physical and electronic security of our information technology systems, and we seek to protect our trademarks and the goodwill associated therewith by monitoring and enforcing against unauthorized use of our trademarks. In addition, in the United States, registered federal trademark protection is only available for goods and services that can be lawfully used in interstate commerce; the USPTO is not currently approving any **trademark applications for cannabis, or certain goods containing hemp-derived CBD (such as dietary supplements and food) until the FDA and the USDA provides clearer guidance on the regulation of such products.** It is possible that we will inadvertently disclose or otherwise fail or be unable to protect our inventions, trade secrets, technical know-how or 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~~ **the European Union**. 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 material adverse effect on our business, financial condition, 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 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. 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 material adverse effect on our business, financial condition, 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 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 an 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 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. 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 growth prospects. We are party to licenses granted by third parties, that give us rights to use third- party intellectual property that is necessary or useful to our business. Our success will depend, 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 have secured exclusive rights. Without protection for the intellectual property we have licensed, other companies might be able to offer substantially similar products for sale, or utilize substantially similar processes or publicity and 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 have a material adverse effect on our business, financial condition, results of operations and growth prospects. Any of our licensors may allege that we have breached our license agreements with those licensors, whether with or without merit, and accordingly seek to terminate our applicable licenses. If successful, this could result in our loss of the right to use applicable licensed intellectual property, which could adversely affect our ability to commercialize our products or services, as well as have a material adverse effect on our business, financial condition, results of operations and growth prospects.

Risks Relating to the Canopy Shares and the Exchangeable Shares The market price for the Canopy Shares **has in the past been volatile and may continue to** be volatile and subject to **significant** 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, ~~2022-2023~~ through ~~June 16, 2023~~ **May 28, 2023-2024**, the closing price of the Canopy Shares on Nasdaq ranged from a low of US \$ ~~0-2. 63-77~~ to a high of US \$ ~~9-31. 30-40~~ **(as adjusted for the Share Consolidation (as defined below))**. The market price for the Canopy 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 Canopy Shares; • equity issuances by us (including through the sale of securities convertible into equity securities) or resales of Canopy 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 or capital commitments by or involving us, Canopy USA or our competitors; • increases in speculative trading activity by investors targeting publicly traded cannabis companies, which can further contribute to the volatility of the market price for the Canopy Shares if aggregate short exposure exceeds the number of the Canopy 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 as a result of, among other things, the conflict between Russia and Ukraine and Russia-the Israeli- Palestinian conflict**); • 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 the Canopy Shares. Any sales of substantial numbers of Canopy Shares in the public market or the perception that such sales might occur may cause the market price of the Canopy 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 the Canopy Shares may decline as well. Moreover, if the market price of the Canopy 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 have a high level of price and volume volatility, and the market price of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. 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 the Canopy Shares is also likely to be affected by changes in our financial condition or results of operations. 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 the Canopy Shares by those institutions, which could adversely affect the trading price of the Canopy 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 Canopy Shares may be adversely affected. In addition, our shareholders may be unable to sell significant quantities of the Canopy Shares into the public markets without a significant reduction in the price of the Canopy Shares, or at all. There can be no assurance that there will be sufficient liquidity of the Canopy 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 Canopy Shares, different market conditions in different capital markets and different trading volumes. In addition, low trading volume may increase the price volatility of the Canopy Shares. It is not anticipated that any dividend will be paid to holders of the Canopy Shares for the foreseeable future. No dividends on the Canopy Shares have been paid to date. We currently intend to retain future earnings, if any, for future **operation-operations** 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 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 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 **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 the Canopy 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 Canopy Shares, certain adverse tax consequences could apply to such U. S. Holder. Certain elections may be available to U. S. Holders of Canopy 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 Shares. As used herein, “ U. S. Holder ” means a beneficial owner of Canopy 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 the Canopy Shares, including up to ~~171,100, 227,951, 420,546~~ Canopy 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 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 Canopy Shares at prices less than the current market price for the Canopy Shares. Issuances of a substantial number of Canopy Shares, or the perception that such issuances could occur, may adversely affect prevailing market prices of the Canopy Shares. Any transaction involving the issuance of Canopy Shares, or securities convertible into Canopy 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. **For example, as of May 28, 2024, we had outstanding: • 2,292,947 warrants exercisable into 2,292,947 Canopy Shares at an exercise price of US \$ 13.50 per Canopy Share until September 19, 2028; • 763,840 warrants exercisable into 763,840 Canopy Shares at an exercise price of US \$ 4.83 per Canopy Share until January 19, 2029; • 6,248,910 warrants exercisable into 6,248,910 Canopy Shares at an exercise price of US \$ 4.83 per Canopy Share from July 19, 2024 until July 19, 2029; and • 3,350,430 warrants exercisable into 3,350,430 Canopy Shares at an exercise price of \$ 16.18 per Canopy Share until May 14, 2029. Exercises of these warrants will result in dilution to our shareholders. In addition, sales of the Canopy Shares underlying these warrants could adversely affect the prevailing market price of the Canopy Shares.** A decline in the market prices of ~~our securities~~ **the Canopy Shares** could impair our ability to raise additional capital through the sale of securities should we desire to do so. The Exchangeable Shares have different rights from the Canopy Shares and there may never be a trading market for the Exchangeable Shares. **Our** ~~If the Amendment Proposal is approved,~~ shareholders **will now** have the option to convert their Canopy Shares into Exchangeable Shares **in accordance with their terms**. 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 do** not carry voting rights, rights to receive dividends or other rights upon dissolution **of Canopy Growth**. For example, holders of Exchangeable Shares **will are** 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 your investment. Presently, there are no plans to list the Exchangeable Shares on a securities exchange or in the over-the-counter market, and there is not expected to be a market for trading of the Exchangeable Shares. Thus, persons holding Exchangeable Shares will likely have no ability to sell their Exchangeable Shares and will likely have to exchange them for Canopy Shares in order to 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 Amended Investor Rights Agreement. As of June 20, 2023, the CBI Group holds in the aggregate approximately 29%~~

of the issued and outstanding Canopy 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, 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% of the issued and outstanding Canopy 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. 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 **any sale of Exchangeable Shares will require** the CBI Group could limit the price **holder thereof to deliver a certification to us** that investors or an acquirer may be willing to pay for the Canopy Shares and may therefore delay or prevent a change of control of us, such as a merger or **holder reasonably believes that such transfer is occurring in compliance with the Canadian** take-over **bid requirements**. Pursuant to the 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 **though** a result, we may be dependent on the **Exchangeable Shares were voting securities** CBI Group, which could have a material adverse effect on our **or equity securities** business, financial condition, results of operations and growth prospects **the Company (the "Shareholder Certification")**. **Future sales of the** The CBI Group has indicated its current intention to convert its Canopy Shares into **and / or** Exchangeable Shares, 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 and the termination rights contained therein and the CBI Note in the aggregate principal amount of CDN \$ 100 million payable on December 31, 2024, all agreements between the Company and CBI will terminate including the Amended Investor Rights Agreement, and CBI will surrender for cancellation all warrants held. In such circumstances it is expected that the CBI nominees that are currently sitting on the Board (and comprise a majority of the Board), being Judy Schmeling, Garth Hankinson, Robert Hanson and James Sabia, will resign as directors of the Company following the termination of the Amended Investor Rights Agreement. Any Canopy Shares issued pursuant to the exercise of the CBG Warrants 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, 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 Canopy Shares (subject to adjustment in accordance with the terms of such warrants). Assuming full exercise of the Tranche A Warrants, the Tranche B Warrants and the Tranche C Warrants, the CBI Group would be entitled to 311, 244, 711 Canopy Shares, which represents approximately 53% of the issued and outstanding Canopy Shares as of June 20, 2023 (on a non-diluted basis and assuming no other changes to the issued and outstanding Canopy Shares). Any issuance of Canopy Shares pursuant to the exercise of the CBG Warrants would dilute all of our other shareholders. The CBI Group's significant interest in us may impact the liquidity of the Canopy Shares. The Canopy 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 Canopy 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. 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 the Canopy Shares by the CBI Group could cause the market price for the Canopy Shares to fall. The CBI Group **holds a significant number of Exchangeable Shares**, is not contractually committed to maintaining an equity stake in us **nor are they contractually limited from (i) selling their Exchangeable Shares; provided that any sale of their Exchangeable Shares will require the holder of such Exchangeable Shares to deliver the Shareholder Certification or (ii) converting their Exchangeable Shares into Canopy Shares**. Subject to compliance with applicable securities laws, the CBI Group may **sell convert** some or all of their **Exchangeable shares into** Canopy Shares at any time **and sell some**. The Amended Investor Rights Agreement contains registration rights, on terms customary for ~~or all a significant shareholder, pursuant to which we have agreed to facilitate sales of their~~ Canopy Shares **underlying such Exchangeable Shares at any time** 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 the Canopy Shares. We cannot predict the effect, if any, that future public sales of Canopy Shares beneficially owned by the CBI Group or the availability of these Canopy Shares for sale will have on the market price of the Canopy Shares. If the market price of the Canopy 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 **Exchangeable Shares and / or** Canopy 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. **The CBI Group, our single largest shareholder and the sole holder of Exchangeable Shares, has the ability to convert its Exchangeable Shares into our common shares and accordingly, may be in a position to exercise significant influence over us. The CBI Group may have the ability to exercise significant influence over us if they convert their Exchangeable Shares into Canopy Shares and, if they were to do so, as of May 28, 2024, would hold approximately 25.6 % of the issued and outstanding Canopy Shares on a non- diluted basis. Accordingly, in light of such beneficial ownership, 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. Additionally, upon potential conversion of the Exchangeable Shares held by the CBI Group into Canopy Shares, 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 Canopy Shares over the then- current market price.** 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, pandemic outbreaks, boycotts and ~~geo-political~~ **geopolitical** 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 **or epidemic** outbreaks, **of such as the COVID-19 virus, influenza and other** highly communicable diseases or viruses, boycotts and ~~geo-political~~ **geopolitical** 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, 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 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 a material adverse effect on our business, financial condition, 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 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~~ **which** 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. **For example, in Canada, we are required to comply with the Fighting Against Forced Labour and Child Labour in Supply Chains Act, which came into force on January 1, 2024. Under the provisions of this legislation, corporate entities that meet certain criteria are required to examine their supply chains and file public reports to the Minister of Public Safety and Emergency Preparedness on measures they have taken to identify, address and reduce the risk that forced labour, prison labour and child labour are used in their supply chains, such report must be submitted before May 31st of each year starting in 2024. Other mandatory ESG-related disclosures include the Conflict Minerals Reporting in U. S. and the Modern Slavery Act in the UK. There are also a number of voluntary reporting schemes that provide a framework to report ESG-related information. Failure to comply with these rules and regulations could have a material adverse effect on the Company's reputation, business, results of operations and financial condition.** 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~~ **adopted** 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~~ **may be unable** to ~~obtain~~ **maintain adequate** insurance coverage **at acceptable rates** 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 indemnification in connection with such products, which may not be covered by insurance. ~~No~~ **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, 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, results of operations and growth prospects.