



# CANOPY GROWTH & WANA BRANDS

October 14, 2021



**CANOPY GROWTH**  
UNLEASHING THE POWER OF CANNABIS



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This presentation contains “forward-looking statements” and “forward-looking information” within the meaning of applicable U.S. and Canadian securities laws (collectively, “forward-looking statements”), which involve certain known and unknown risks and uncertainties. Forward-looking statements predict or describe our future operations, business plans, business and investment strategies and the performance of our investments. These forward-looking statements are generally identified by their use of such terms and phrases as “intend,” “goal,” “strategy,” “estimate,” “expect,” “project,” “projections,” “forecasts,” “plans,” “seeks,” “anticipates,” “potential,” “proposed,” “will,” “should,” “could,” “would,” “may,” “likely,” “designed to,” “foreseeable future,” “believe,” “scheduled” and other similar expressions. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statement was made. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by management, are inherently subject to significant business, economic and competitive risks, financial results, results, performance or achievements expressed or implied by those forward-looking statements and the forward-looking statements are not guarantees of future performance. Accordingly, there are or will be important factors that could cause actual outcomes or results to differ materially from those indicated in these statements. A discussion of some of the material factors applicable to the Company can be found under the section entitled “Risk Factors” in the Company’s Annual Report on Form 10-K for the year ended March 31, 2021, as may be amended, filed with the Securities and Exchange Commission and with applicable Canadian securities regulators, as such factors may be further updated from time to time in its periodic filings with the Securities and Exchange Commission and with applicable Canadian securities regulators, which can be accessed at [www.sec.gov/edgar](http://www.sec.gov/edgar) and [www.sedar.com](http://www.sedar.com), respectively. These risk factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this presentation and in the filings.

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# KEY TAKEAWAYS

Canopy Growth has agreed to terms to acquire Wana Brands (“Wana”) through a structured transaction tied to U.S. federal permissibility.



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The arrangement with Wana further enhances Canopy Growth’s U.S. ecosystem strategy ahead of U.S. federal permissibility.

## Key Strategic Benefits:

- **Strengthens Canopy Growth’s U.S. Ecosystem:** Wana’s leadership position and ongoing expansion bolsters Canopy Growth’s product, brand, and geographic exposure to the U.S. cannabis market upon federal permissibility.
- **Dominant Edibles Category:** The gummy category is one of the fastest growing segments in both the U.S. and Canadian cannabis markets accounting for over 70% of all edibles purchased<sup>1</sup>.
- **Market Leadership in the Edibles Product Category:** Wana is #1 cannabis edibles brand in North America based on market share.
- **Increased Exposure to U.S. Cannabis Market Upon Federal Permissibility:** Upon exercising its right to acquire Wana, Canopy Growth will own Wana’s vertically integrated facility in Colorado as well as its rapidly growing licensing division which is expected to cover more than 20 states by the end of calendar year 2022. This expands upon the coverage provided by the Company’s existing right to acquire Acreage Holdings, Inc., and conditional ownership interest in TerrAscend Corp.
- **Profitable and Highly Scalable Business Model:** Wana has a track record of achieving strong revenue growth and category-leading gross and EBITDA margins. Wana’s proven licensing model provides opportunity to scale the brand ahead of U.S. federal permissibility.

1. Source: Headset data for tracked US states. Edibles includes forms such as beverages, chocolates and other ingestibles.

2. Source: Wana data and internal proprietary market share tool that utilizes point of sales data supplied by a third-party data provider, government agencies and Canopy Growth’s retail store operations across the country,



# TRANSACTION OVERVIEW

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- Structured as three separate option agreements whereby **CGC has a call option to acquire 100% of the membership interest** in each Wana entity following a triggering event
- As consideration for entering into the agreements, **CGC will make an upfront cash payment of USD \$298M**
- Upon exercise of the right to acquire each Wana entity, **CGC will make a payment equal to 15% of the fair market value** at the time the option is exercised
- Additional deferred payments may be paid as of the 2.5-year and 5-year anniversary of the up-front payments
- **CGC has no economic or voting interest in Wana** until exercising the right to acquire each Wana entity



# WANA BACKGROUND

## Company Overview

- Established: 2010
- Headquarters: Boulder, CO
- States: Largest market is CO, with significant presence in 11 other states as well, plus partnership in Canada (Indiva)
- Largest multi-market presence in the U.S. gummy market
- #1 Share of Gummy Market in Canada w/ 41% Share<sup>1</sup>



## Product Portfolio

- >95% Gummies
- Offers THC & CBD in various dosages
- Other SKUs: Tinctures, Tarts
- Innovation including “Fast Acting” 15 min. onset
- “Optimals” line which includes use-case specific formulations featuring rare and minor cannabinoids
- Packaging emphasis on sustainability<sup>1</sup>



## Operations & Execution

- Licensed production facility in Colorado from where Wana produces and distributes its products throughout the state
- Leverages partner infrastructure through CMO relationships across all additional states – expects to be in 16 states by end of 2021 (11 as of today)



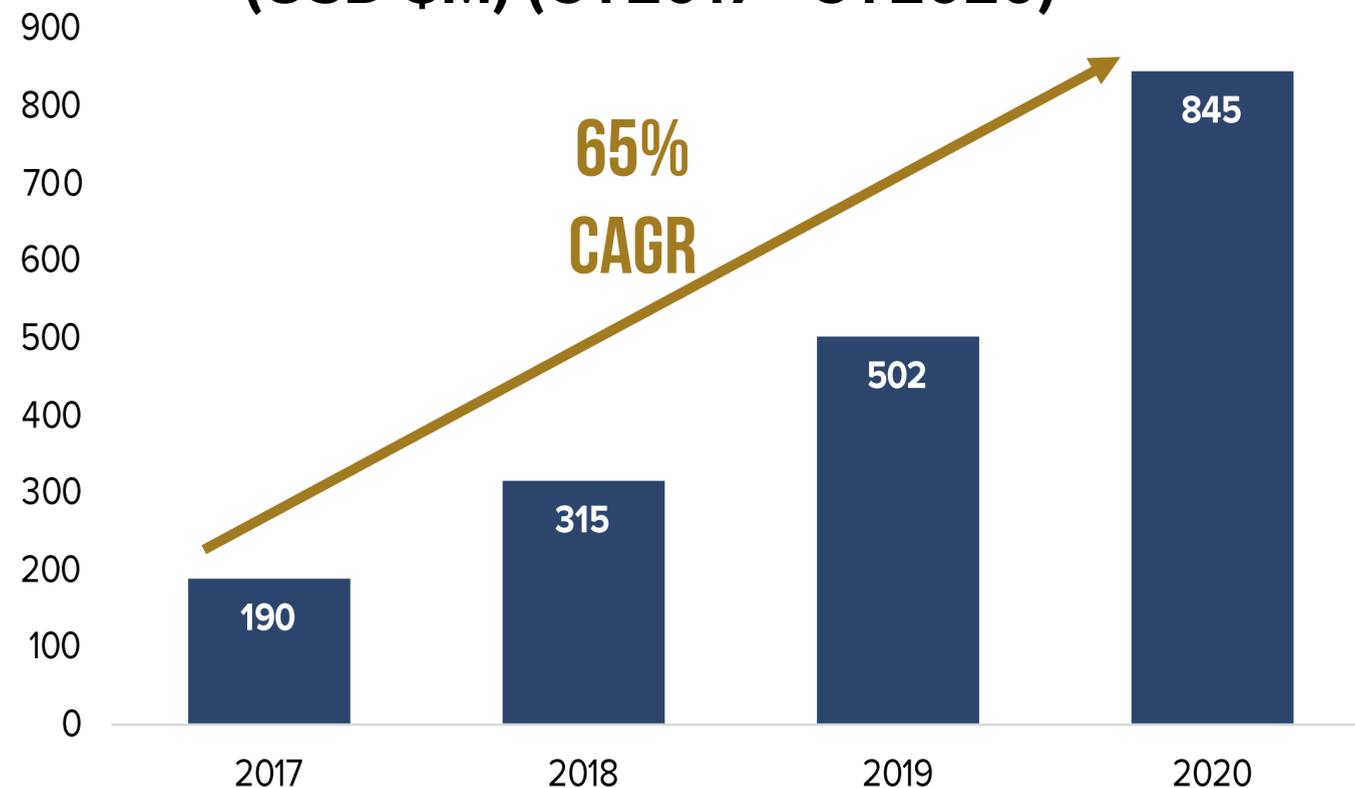
1. Source: Wana data and internal proprietary market share tool that utilizes point of sales data supplied by a third-party data provider, government agencies and Canopy Growth’s retail store operations across the country, 13W ended 9/13/21



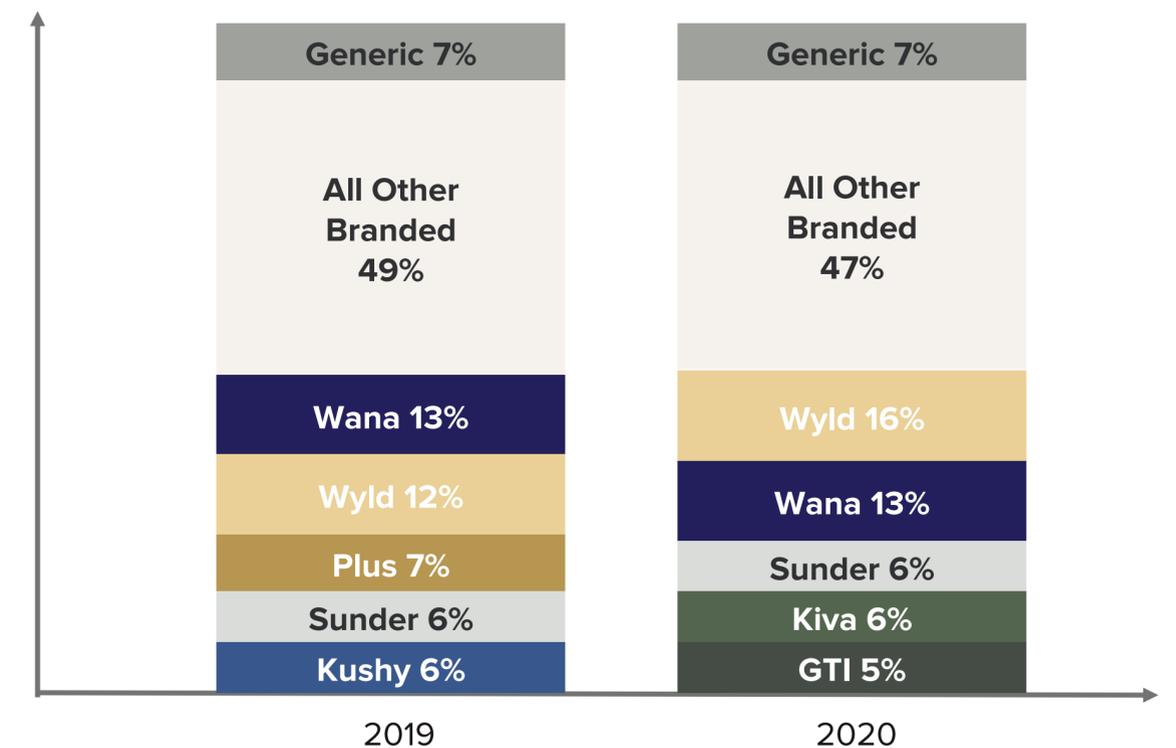
# ATTRACTIVE CATEGORY

- The gummy category is one of the fastest growing segments in both the U.S. and Canadian cannabis markets accounting for over 70% of all edibles purchased<sup>1</sup>
- Despite new entrants coming into the U.S. gummy market, category remains concentrated with 5 producers making up 45% market share<sup>2</sup>
- Canopy research indicates that edibles will serve as the primary point of entry for new consumers into the THC category, and therefore, having a leadership position in gummies is key

### U.S. Gummy Sales (USD \$M) (CY2017 - CY2020)<sup>2</sup>



### U.S. Gummy Market - Brand Share<sup>2</sup>

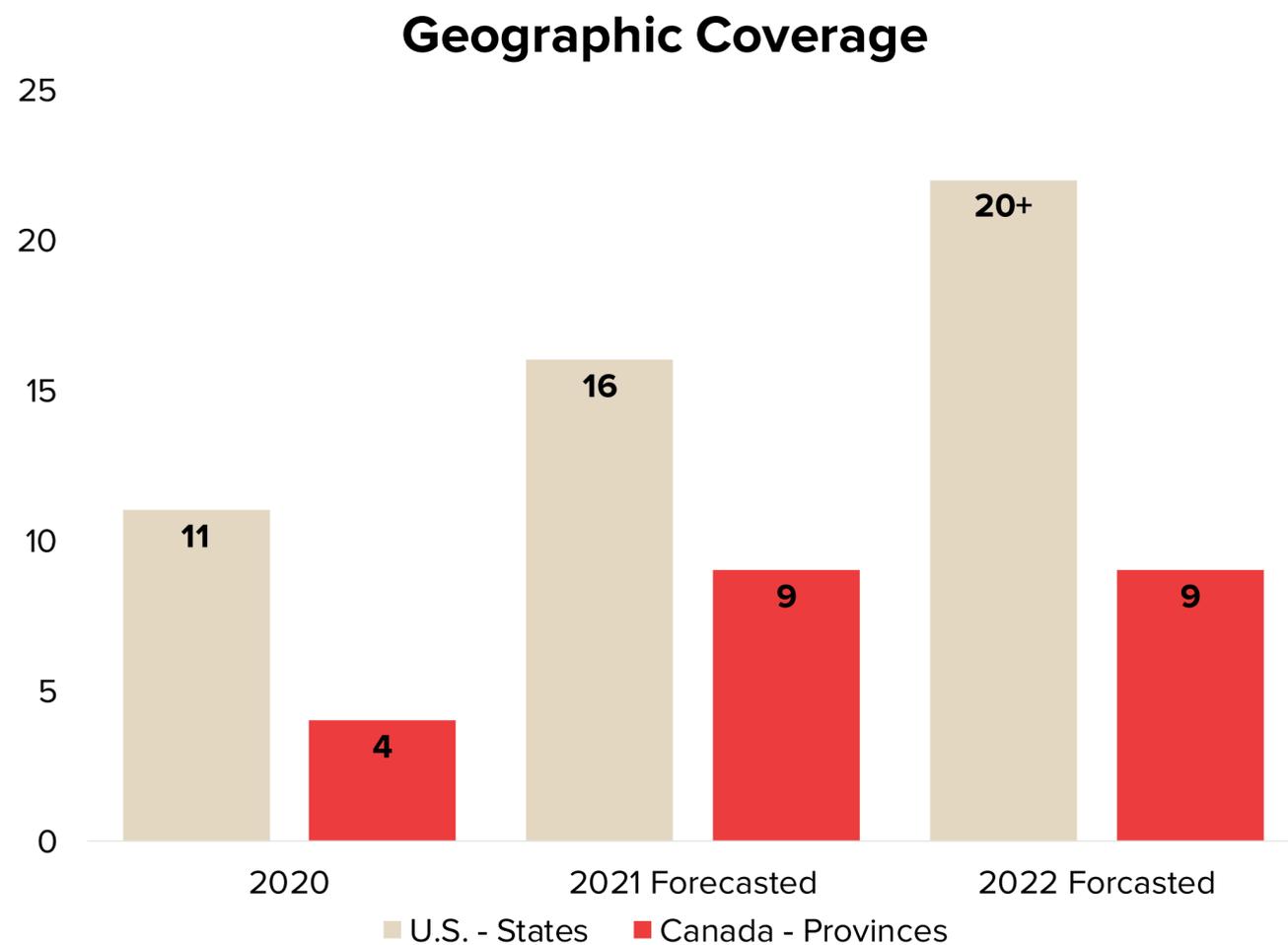


1. Wana data and internal proprietary market share tool that utilizes point of sales data supplied by a third-party data provider, government agencies and Canopy Growth's retail store operations across the country  
 2. Source: BDSA, 2017 – 2020 Dispensary Sales. States tracked: AZ, CA, CO, IL, MD, MA, NV, OR.



# SCALABLE LICENSING BUSINESS MODEL

- Asset-light licensing model provides broad coverage of THC legal markets in Canada and various U.S. states.
- Significant market expansion in U.S., including future adult-use markets in New York & New Jersey, expected through 2022



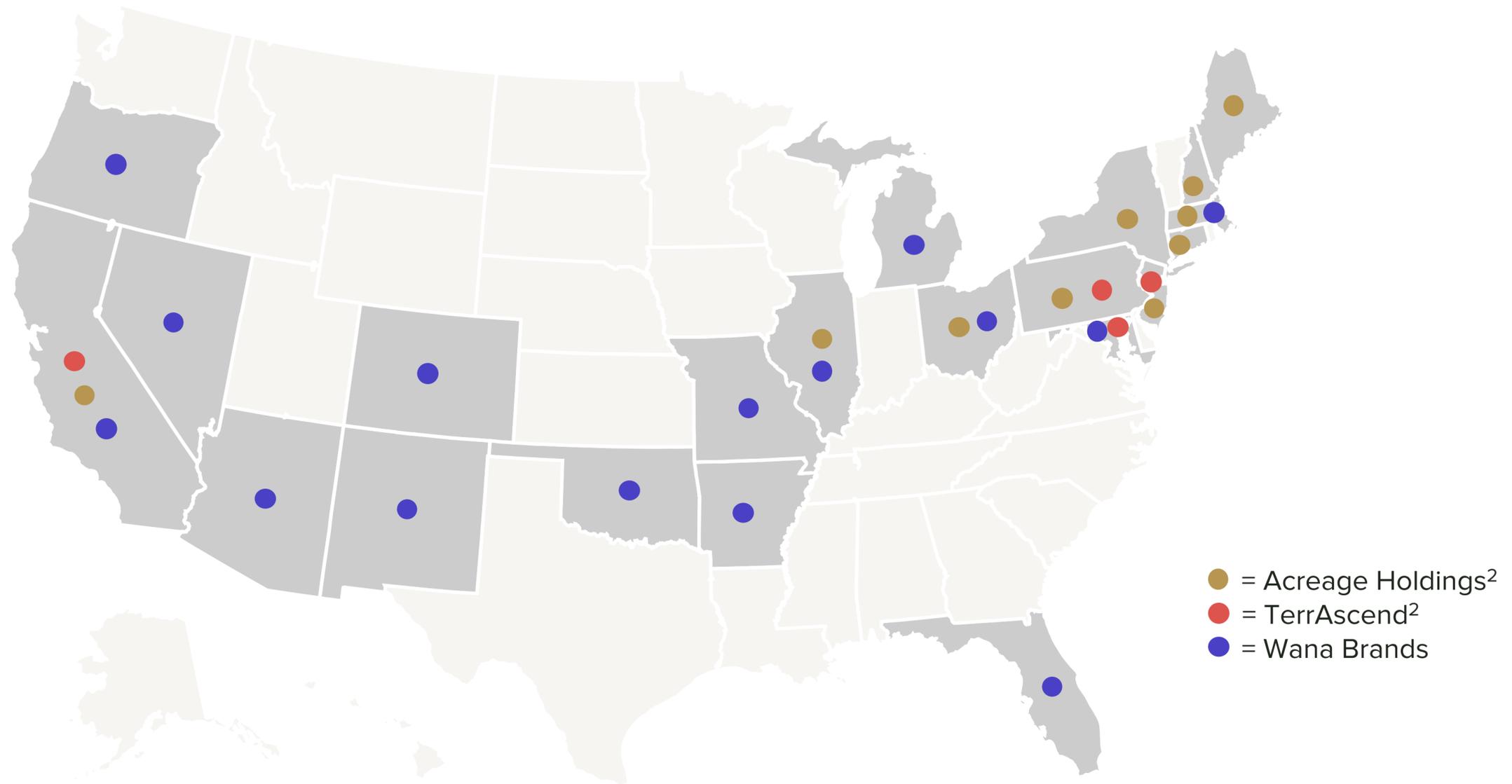
U.S. States <sup>1</sup>	
Arizona	Maryland
California	Massachusetts
Florida	Michigan
Illinois	Missouri
Ohio	New Mexico
Oklahoma	Nevada
Oregon	Puerto Rico

Canadian Provinces <sup>1</sup>
Ontario
Québec
Saskatchewan
Alberta
British Columbia
Manitoba
Nova Scotia
Newfoundland & Labrador
Northwest Territories



# STRENGTHENS CANOPY GROWTH'S U.S. ECOSYSTEM

- Extends ecosystem to additional THC legal states through Wana's asset-light licensing model and Colorado operations<sup>1</sup>



1. Map includes Wana's forecasted license expansion in 2021

2. As of September 28, 2021. Map does not reference TerrAscend's announced acquisition of Michigan Single State Operator Gage Growth Corp. The acquisition has not closed.



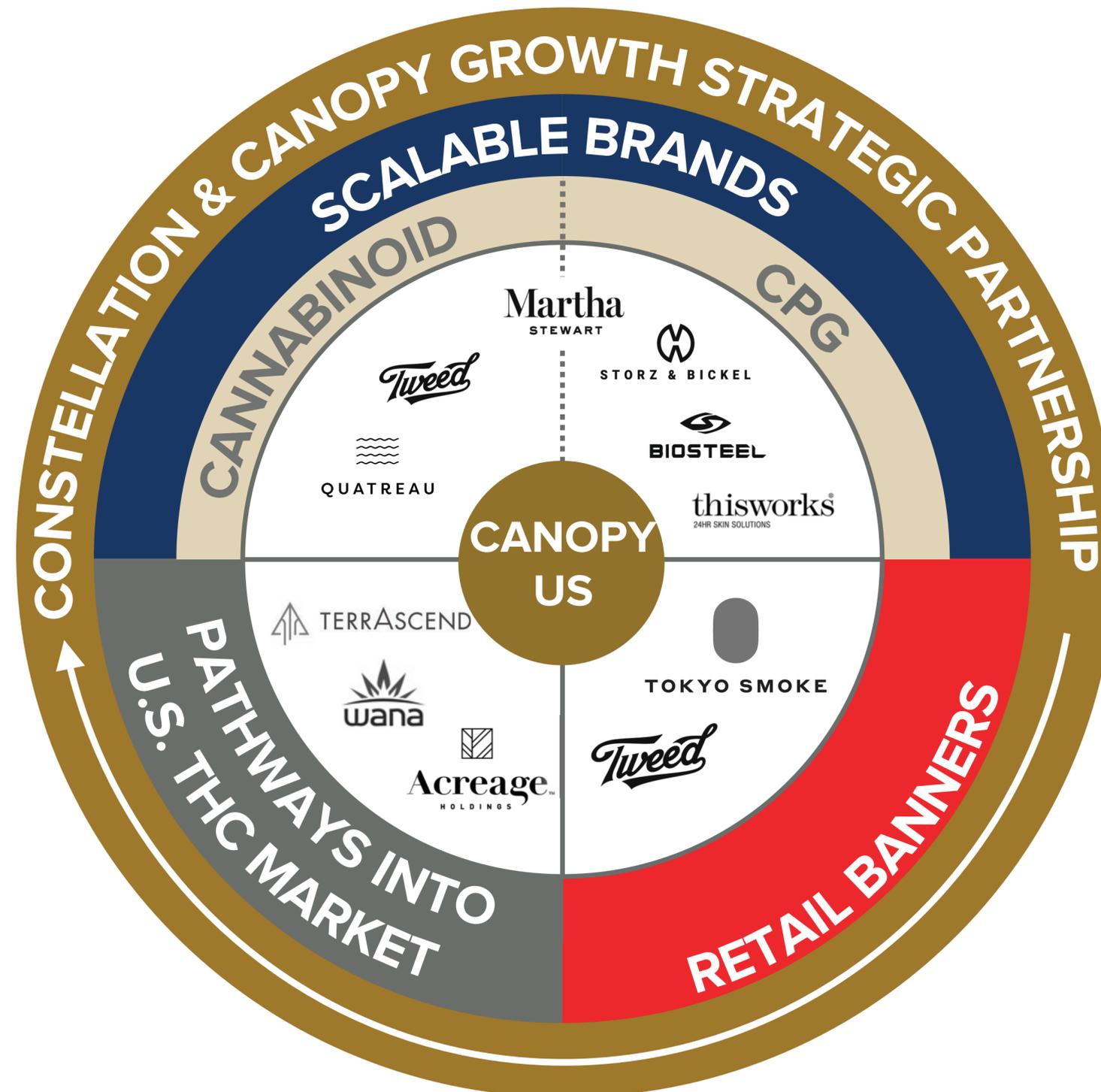
# OUR U.S. ECOSYSTEM

## Invest in Scalable Brands

- Create new **CBD** brands to meet consumer needs and desires
- Lead **route-to-market** and **portfolio development** with CPG brands
- Bring our **THC brands** into the **U.S.** market through Multi-State Operator (“MSO”) licensing or hemp-derived CBD extensions

## THC Pathways

- **Positioned for accelerated entry into the U.S. THC Market**, upon federal permissibility, through existing relationships with U.S. MSOs Acreage & TerrAscend, and Wana Brands
- **Path to deploy Canopy’s IP** into the U.S. to build brand awareness and association



## Constellation Brands

- Investment grade **balance sheet strength** and access to banking
- Leverage Constellation’s **powerful distributor network and key account relationships**
- **Sharing of best practices** across Insights, R&D, and Operations
- **Government Relations and Legal teams’ joint engagement** with governments

## Retail Banners

- Tokyo Smoke and Tweed retail store banners to **build brand awareness**
- **Innovation testing ground**
- **Collection of sales data** to drive Insights & Innovation

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**THANK YOU**