Canopy Growth (Nasdaq: CGC / TSX: WEED): Q1 FY2027 Results & Valuation

Fiscal first quarter ended June 30, 2026 · reported results, the company's reaffirmed FY2027 path to positive adjusted EBITDA, and standard market-based valuation multiples. Canopy is GAAP-unprofitable with a negative (but narrowing) adjusted EBITDA, so this snapshot headlines the metrics Canopy itself reports. All financials in Canadian dollars (as reported); market data as noted.

A factual snapshot built from Canopy Growth's public filings: reported results, Canopy's own forward outlook, and public market data. It contains no Blackspear forecast, price target, or recommendation.

NET REVENUE (Q1 FY27)
$81.2M
▲ **13%** y/y ($72.1M)
growth in all businesses; cannabis +14%

ADJ. EBITDA (Q1 FY27)
$(3.2)M
loss **narrowed 59%** y/y ($(7.9)M)
target: positive in FY27

ADJ. GROSS MARGIN (Q1 FY27)
31%
▲ **600 bps** y/y (25%)
reported GM 27%

NET CASH (JUN 30, 2026)
$96.4M
▼ from $131.3M at Mar-31
Q1 free cash outflow $(25.7)M

SEGMENT RESULTS: Q1 FY2027

SEGMENT	NET REV.	% TOT.	GR. MGN.	Y/Y
Canada adult-use	$29.7M	37%	n/a	**+10%**
Canada medical	$25.8M	32%	n/a	**+22%**
International cannabis	$9.6M	12%	n/a	**+10%**
Cannabis subtotal	**$65.1M**	**80%**	**22%**	**+14%**
Storz & Bickel	$16.1M	20%	48%	**+6%**
Total net revenue	**$81.2M**	**100%**	**27%**	**+13%**

Gross margin shown at segment level (Canada sub-segment margins not separately reported). Consolidated **adjusted** GM 31% (+600 bps y/y), reported 27%; cannabis GM 22% (adj. 26%). Storz & Bickel GM jumped to 48% (from 29%) on cost rationalization and a U.S. tariff-refund benefit in the quarter. Adjusted GM excludes a $2.6M non-cash MTL inventory step-up charge that weighs on reported GM; segment % of total may not sum due to rounding.

GROWTH ENGINES & MOMENTUM

DRIVER (Q1 FY27)	REV.	Y/Y
Canada medical	$25.8M	**+22%**
Canada adult-use	$29.7M	**+10%**
International cannabis (Poland-led)	$9.6M	**+10%**
Storz & Bickel (vaporizers)	$16.1M	**+6%**

Canopy notes this is its first quarter with y/y growth in **every** segment since the current CEO joined (Jan 2025). International up for a third straight sequential quarter. Canopy says its own internal market model (Stativa, 13-wk to Jun 28, 2026) shows its Canadian adult-use rank improving to #6 with top-2 positions in premium flower and infused pre-rolls and #1 in softgels; company data, not independently verified. MTL integration is expected to weigh on H1 before benefits build in H2.

FY2027 OUTLOOK: REAFFIRMED ON THE AUGUST 7, 2026 CALL

COMPANY FY2027 OUTLOOK

ON TRACK: POSITIVE ADJ. EBITDA DURING FY2027

ADJ. EBITDA
Positive
"during FY2027"
Q1 loss already −59% y/y

NET REVENUE
Growth
y/y growth all year
no dollar target given

ADJ. GROSS MARGIN
Mid-30s%
near-term target
from 31% in Q1

MTL SYNERGIES
$8M → $10M
$8M now in motion
of $10M run-rate target

Outlook is **qualitative**: no numeric revenue or EBITDA guidance range. Improvement is expected to be **H2-weighted** as MTL integration completes; management flagged Q1's $25M operating cash use as above the FY27 run-rate on working-capital timing. A ~29% cut to the Veterans Affairs Canada medical reimbursement rate remains a headwind being mitigated via pricing and mix. Adjusted EBITDA is non-GAAP, excludes SBC/D&A/impairments/restructuring/acquisition items, and is not reconciled to forward GAAP.

VALUATION SNAPSHOT: MARKET DATA AS OF AUGUST 6, 2026 (NASDAQ CLOSE)

Share price (CGC, Nasdaq)	**US$0.93**
Share price, C$ equiv. (USD/CAD ~1.37)	**~$1.28**
Shares out. (common)	**422.1M**
Exchangeable shares (memo)	**+26.3M**
Market capitalization	**~C$537M**
Net cash (Jun 30, 2026)	**~C$96M**

Enterprise value (mkt cap − net cash)	**~C$443M**
EV / revenue, TTM	**~1.5x**
EV / revenue, FY27E consensus	**~1.3x**
GAAP net loss (Q1 FY27)	**$(14.6)M / $(0.03)**
Net cash as % of market cap	**~18%**
52-week range (CGC)	**US$0.84–$2.38**

Multiples move with the share price and FX; refresh before relying on them. **Currency:** financials are reported in C$; CGC trades in US$ on Nasdaq (WEED in C$ on the TSX). Market cap converts the US$ Nasdaq price at USD/CAD ~1.37. **No P/E and no EV/EBITDA are shown: both GAAP earnings and adjusted EBITDA are negative, so the ratios are not meaningful.** TTM = trailing twelve months to Jun 30, 2026 (net revenue ~C$293.6M). EV uses common-share market cap; including the 26.3M exchangeable shares (~6% more), market cap is ~C$570M and EV ~C$476M. Net cash = $336.6M cash less $240.2M total debt; it fell ~$35M in the quarter as free cash flow was $(25.7)M. See page 2 for the full EV/revenue & path-to-profitability analysis.

WHAT'S MOST IMPACTFUL TO FUTURE EARNINGS

- **The profitability inflection is the story.** Adjusted EBITDA loss narrowed 59% y/y to $(3.2)M and adjusted gross margin jumped 600 bps to 31%, with management reaffirming a target of **positive adjusted EBITDA during FY2027** and guiding adjusted GM toward the mid-30s. Delivering that, after years of losses, is the central swing factor.
- **But the company is still burning cash.** Free cash flow was $(25.7)M and net cash fell from $131.3M to $96.4M in one quarter. Management calls the $25M operating cash use above the FY27 run-rate (working-capital timing), but cash conversion, not adjusted EBITDA, is the real test, and the cushion is now ~18% of market cap versus ~26% a quarter ago.
- **MTL Cannabis is driving margin and mix.** The acquisition lifted flower supply and adult-use volumes and is now delivering $8M of a targeted $10M run-rate synergies, with management flagging potential upside. Integration disruption is expected to weigh on H1 FY27 before benefits build in H2.
- **Europe and cultivation are the growth engines.** International rose 10% (third straight sequential gain), Poland-led; Canopy is building an end-to-end EU-GMP flower chain (Kincardine + Germany, Smiths Falls certification pending), and Canopy plans a U.K. launch shortly, with tightening EU standards a filter Canopy says favors it.
- **Veterans Affairs Canada reimbursement cut (~29%) is a live headwind.** Canada medical still grew 22%, but management is actively mitigating margin impact via pricing, larger formats and cost integration; order values are falling even as patient counts rise.

HOW TO READ THE NUMBERS

- Canopy's fiscal year ends March 31; Q1 FY2027 = the quarter ended June 30, 2026. Figures are reported in Canadian dollars under U.S. GAAP unless labeled "adjusted" (non-GAAP).
- "Adjusted EBITDA" and "adjusted gross margin" exclude items such as SBC, D&A, impairments, restructuring, and MTL inventory step-up/write-downs; they are not cash measures and forward figures are not reconciled to GAAP.
- The $(14.6)M GAAP net loss narrowed 68% y/y and was cushioned by ~$7.4M of non-cash "other income" (fair-value/debt items); such items are volatile and can reverse quarter to quarter.
- Canopy disclosed a material weakness in internal control over financial reporting (remediation underway) and certain prior periods are "as restated", a governance item to weigh alongside the numbers.

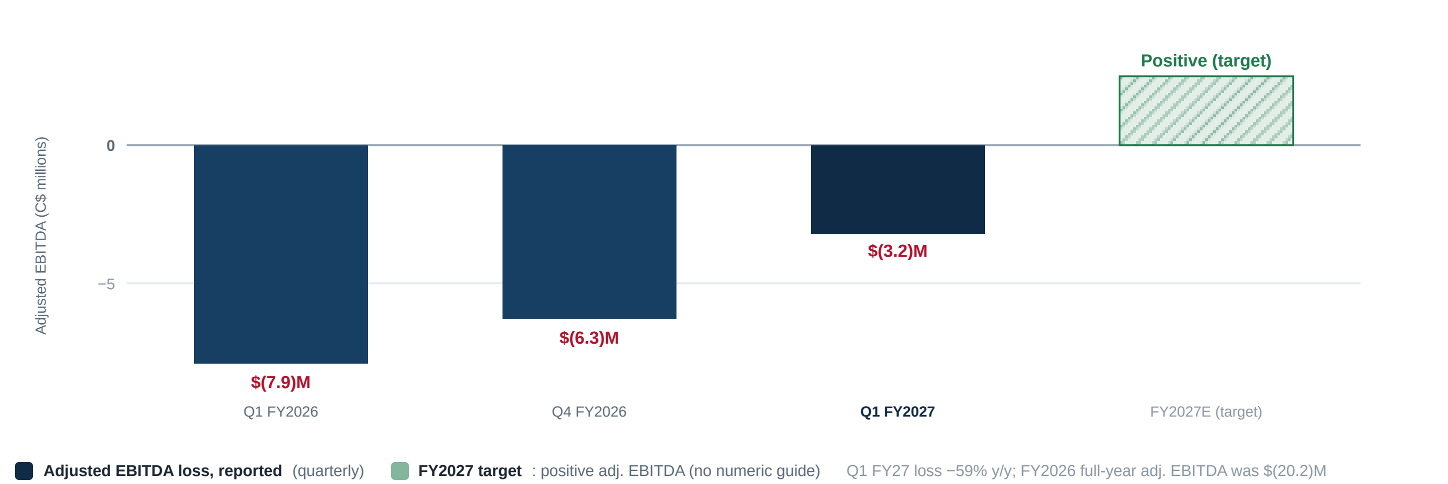
Full Excel model with linked tabs (quarterly historicals, segment detail, adj.-EBITDA bridge, EV/revenue valuation, source tie-outs), available on request. Email **info@blackspearllc.com** for a copy.

Canopy Growth (Nasdaq: CGC / TSX: WEED): Valuation vs. Path to Profitability (EV / Revenue)

Canopy is GAAP-unprofitable **and** reports a negative adjusted EBITDA, so neither P/E nor EV/EBITDA is meaningful. This page values the enterprise on EV / revenue and frames the real question: the trajectory toward the company's reaffirmed FY2027 positive-adjusted-EBITDA target, set against a still-negative free cash flow.

Adjusted-EBITDA history from Canopy disclosures; FY2027 is the company's own qualitative target (positive adjusted EBITDA, no numeric guide). Revenue consensus per third-party analyst aggregators. EV / revenue multiples, the reference band and growth figures are Blackspear calculations. Reference lines are mechanical, not a Blackspear price target or recommendation.

ADJUSTED EBITDA LOSS: NARROWING TOWARD THE FY2027 BREAKEVEN TARGET



EV / REVENUE (TTM)	EV / REVENUE (FY27E)	NET CASH / MARKET CAP	ADJ. EBITDA / EV-EBITDA
~1.5×	**~1.3×**	**~18%**	**n/m**
on ~C$293.6M TTM net rev.	on consensus ~C$348M (+22%)	was ~26% a quarter ago	negative, but −59% y/y

VALUATION & GROWTH

Current price (6 Aug 2026, Nasdaq)	**US$0.93 / ~C$1.28**
Market cap / net cash	**~C$537M / C$96M**
Enterprise value (mkt cap − net cash)	**~C$443M**
EV / revenue, TTM (~C$293.6M)	**~1.5×**
EV / revenue, FY27E consensus (~C$348M)	**~1.3×**
Price / sales, TTM	**~1.8×**
Revenue growth, Q1 / FY27E cons.	**+13% / ~+22%**
Adj. EBITDA, Q1 FY27 / FY27 target	**$(3.2)M / positive**
Free cash flow, Q1 FY27	**~$(25.7)M**

Reference EV/revenue band (mechanical, on FY27E revenue ~C$348M, plus C$96M net cash, ÷ 422.1M common shares): @1.0× ≈ C$1.05/sh · @1.25× ≈ C$1.26/sh · @1.5× ≈ C$1.47/sh · @2.0× ≈ C$1.88/sh. Current ~C$1.28 ≈ 1.3× FY27E revenue. Not a Blackspear target or recommendation.

DOES THE STORY JUSTIFY THE MULTIPLE?

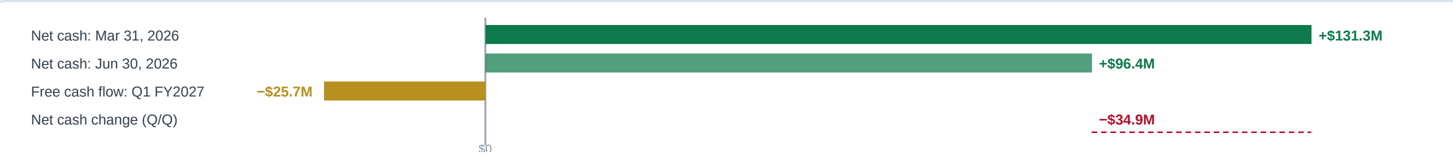
IMPROVING FAST, BUT STILL CASH-NEGATIVE

A turnaround that now has to convert to cash

At ~C$443M EV, Canopy trades ~1.5× TTM and ~1.3× FY27E-consensus revenue. The operating turn is real (adjusted EBITDA loss −59% y/y, adjusted GM +600 bps), and management reaffirms positive adjusted EBITDA in FY27. But there is **no P/E and no EV/EBITDA** (both negative), and free cash flow was $(25.7)M, so net cash fell ~C$35M in the quarter. The re-rating case now hinges on converting the EBITDA turn into **positive cash flow** without further dilution.

The catch: the cash cushion that underwrote the story is shrinking: net cash / market cap fell from ~26% to ~18% in one quarter (see below). GAAP is still lossmaking, the balance sheet was repaired by past equity issuance (share count more than doubled in FY26), and a material weakness in controls plus the VAC medical headwind add risk. Cheaper on sales than a quarter ago, but on a thinner cash base.

NET CASH IS REAL BUT SHRINKING: Q1 STILL BURNED CASH



Net cash fell from $131.3M to $96.4M, a $34.9M decline in one quarter, as free cash flow was $(25.7)M (operating cash use $25.0M plus capex), with the balance from a rise in current debt and other items. Management characterizes Q1's cash use as above the FY2027 run-rate on working-capital timing and expects one-time integration/restructuring costs to decline through the year. Even so, this is the central reason the improving adjusted-EBITDA trend should be read alongside cash: the re-rating requires **positive free cash flow**, which Canopy has not yet reached.

On forward estimates. Canopy did not issue numeric FY2027 guidance; management reaffirmed a target of positive adjusted EBITDA "during fiscal 2027," with y/y revenue growth all year, adjusted gross margin guided toward the mid-30s, and improvement expected to be second-half-weighted as MTL integration completes. FY2027 revenue consensus of ~C$348M (+~22%; range ~C$324–377M) is third-party analyst consensus compiled from public aggregators and used for reference only. EV / revenue multiples, the reference band and implied per-share figures are mechanical Blackspear calculations using public market data, not estimates, price targets, or recommendations. Guidance and consensus estimates are inherently uncertain and subject to revision.