

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 (\$7.9M) 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
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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.

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	Enterprise value (mkt cap – net cash)	–C\$443M
Share price, C\$ equiv. (USD/CAD ~1.37)	–\$1.28	EV / revenue, TTM	–1.5x
Shares out. (common)	422.1M	EV / revenue, FY27E consensus	–1.3x
Exchangeable shares (memo)	+26.3M	GAAP net loss (Q1 FY27)	\$(14.6)M / \$(0.03)
Market capitalization	~C\$537M	Net cash as % of market cap	–18%
Net cash (Jun 30, 2026)	–C\$96M	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.

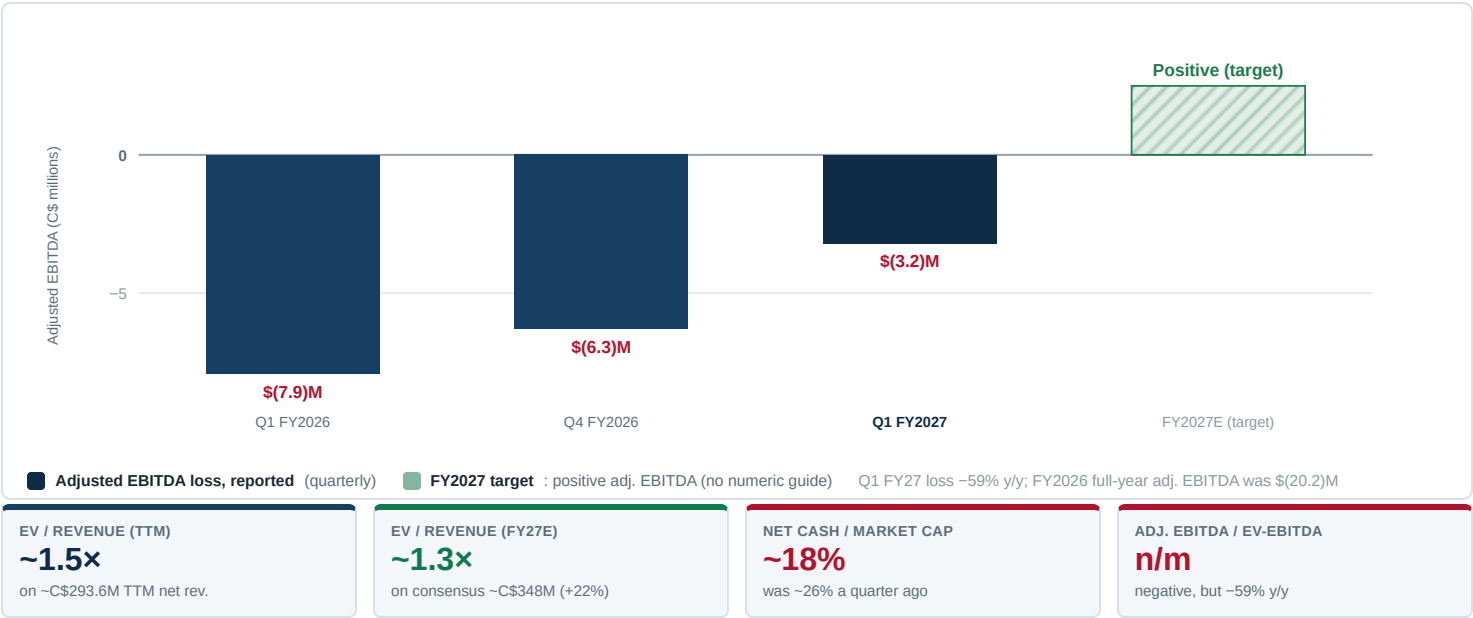
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Canopy Growth (Nasdaq: CGC / TSX: WEED): Valuation vs. Path to Profitability (EV / Revenue)

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 BREAK-EVEN TARGET

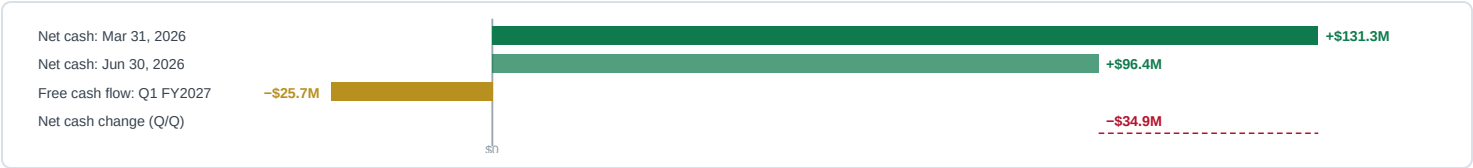


VALUATION & GROWTH

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)	~1.5x
EV / revenue, FY27E consensus (~C\$348M)	~1.3x
Price / sales, TTM	~1.8x
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): @1.0x = C\$1.05/sh · @1.25x = C\$1.26/sh · @1.5x = C\$1.47/sh · @2.0x = C\$1.88/sh. Current ~C\$1.28 ≈ 1.3x FY27E revenue. Not a Blackspear target or recommendation.

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.

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