

CANNARA BIOTECH INC. ANNOUNCES RESULTS OF ANNUAL SHAREHOLDER MEETING AND CONVERSION INTO EQUITY OF A \$5M CONVERTIBLE DEBENTURE AT \$0.18 CENT PER COMMON SHARE

MONTREAL, QUÉBEC – February 10, 2023 - [Cannara Biotech Inc.](#) ("**Cannara**" or the "**Company**") ([TSXV: LOVE](#)) ([OTCQB: LOVFF](#)) ([FRA: 8CB](#)), a vertically integrated producer of premium-grade cannabis and derivative product offerings at affordable prices with two mega facilities based in Québec spanning over 1,650,000 sq. ft., announced today that further to its news release dated January 11, 2023, the Company held its annual shareholder meeting on January 25, 2023 (the "**Meeting**").

At the Meeting, an ordinary resolution of disinterested shareholders was passed approving the creation of a new control person arising from the conversion of convertible debentures (the "**Convertible Debentures**") held by Olymbec Investments Inc. ("**Olymbec**") into common shares of the Company.

Convertible Debentures in the aggregate principal amount of \$5,000,000 were issued to Olymbec on July 12, 2021 and bears interest at a rate of 4% per annum, compounded semi-annually and are convertible in whole, along with any accrued interest, into common shares of the Company at a price of \$0.18 per common share.

On February 7, 2023, the Company received a notice of conversion from Olymbec to convert \$5,317,645 (principle and accrued interest to date) into 29,554,139 common shares of the Company. On February 9, 2023, the Company issued shares from treasury in relation to the conversion, subject to TSX-V approval, thereby reducing overall long-term debt obligations of the Company by \$5,317,645.

Prior to the conversion, Olymbec held 163,650,184 common shares of the Company, representing 18.65% of the issued and outstanding common shares. Following completion of the conversion, Olymbec now has direct ownership and control of 193,204,323 common shares of the Company representing 21.30% of the issued and outstanding common shares. If Olymbec were to exercise its conversion rights for all of its remaining convertible debentures, it would then own 224,870,990 common shares of the Company representing 24.79% of the then issued and outstanding common shares of the Company. Olymbec may from time to time acquire additional securities of the Company, dispose of some or all of the existing or additional securities or may continue to hold the securities.

An ordinary resolution was also passed during the annual shareholder meeting approving an amendment to the Company's Option Plan and the adoption and implementation of the Restricted Share Unit ("**RSU**") Plan, subject to TSX-V approval. On February 9, 2023,

the Company granted an aggregate of 7,891,827 RSU's to certain employees, subject to certain vesting conditions and obtaining TSX-V approval of the RSU Plan.

In addition, the Company also received both TSXV and Shareholder approval to proceed with the consolidation of all issued and outstanding common shares of the Company on a ten (10) pre-consolidation common shares to one (1) post-consolidation common shares basis. As of today, the Company's authorized share capital is an unlimited number of common shares without par value, of which 907,035,460 shares are issued and outstanding, with a further 52,363,728 shares reserved for issuance upon the exercise of existing stock options and RSU's. The share consolidation is expected to take effect on Monday February 13, 2023, resulting in approximately 90,703,546 common shares issued and outstanding, along with 5,236,373 shares reserved for issuance and the exercise of existing stock options and RSU's, subject to adjustment for fractional shares. The number and exercise price of all stock options will automatically be adjusted in accordance with the consolidation ratio. The Company's name and ticker symbols will remain unchanged.

"As Cannara Biotech continues to grow, confidence from our major shareholders is vital to ensure a strong balance sheet necessary to support the Company's expansion plans, especially in the current economic environment of rising interest rates. The elimination of over \$5.3 million in debt obligations not only improves our working capital position, but positions Cannara to be able to take better advantage of any expansion opportunities that may arise in the near-term and this would not be possible without the tremendous support we have received from not only Olymbec but all our larger shareholders" stated Nick Sosiak, CFO of Cannara Biotech. "To take that next step as a public company, a share consolidation was necessary in order to attract new institutional investors looking to deploy capital into the profitable, growing companies within the cannabis space. This conversion opens up doors for the Company that simply were not available prior to consolidation. We look forward to welcoming new shareholders who share in our vision of delivering high quality cannabis at reasonable prices and our firm belief that cannabis will remain a staple in the consumer landscape for generations to come." concluded Mr. Sosiak

Zohar Krivorot, President & CEO of Cannara Biotech stated "January has been another successful month for our Company in terms of revenues. Expanding cannabis sales in current markets has spurred this growth, but it is our high-quality products at affordable prices that separates Cannara from the other producers in this industry. Cannabis consumers have never had such widespread access to an assortment of products like the one's currently being offered, and to witness our products continuously fly off the shelves is a testament to our unique value proposition and passion for cannabis. We are very grateful for the loyal and valued customers we serve, and for the hard working,

dedicated staff at Cannara that makes this all possible. With January being one of our highest months of cannabis sales, we cannot help but be optimistic for what the remainder of the year has in store for our growing, reputable enterprise.” concluded Mr. Krivorot.

This press release is being issued pursuant to National Instrument 62-103 – The Early Warning System and Related Take-Over Bid and Insider Reporting Issues. A copy of the related early warning report is being filed with the applicable securities commissions and will be made available under the Company's profile on SEDAR (www.sedar.com) Cannara's head office is located at 333 Decarie Blvd, Suite 200, Montreal, Quebec, H4N 3M9. Olymbec's principal office address is 333 Decarie Blvd, Suite 500, Montreal, Quebec, H4N 3M9.

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About Cannara Biotech Inc.

[Cannara Biotech Inc.](#) ([TSXV: LOVE](#)) ([OTCQB: LOVFF](#)) ([FRA: 8CB](#)) is a vertically integrated producer of affordable premium-grade cannabis and cannabis-derivative products for the Québec and Canadian markets. Cannara owns two mega facilities based in Québec spanning over 1,650,000 sq. ft., providing the Company with 120,000kg of potential annualized cultivation output. Leveraging Québec's low electricity costs, Cannara's facilities produce premium-grade cannabis products at an affordable price. For more information, please visit cannara.ca.

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This information release contains certain forward-looking information. Such information involves known and unknown risks, uncertainties and other factors that may cause actual results, performance, or achievements to be materially different from those implied by statements herein, and therefore these statements should not be read as guarantees of future performance or results. All forward-looking statements are based on the Company's current beliefs as well as assumptions made by and information currently

available to it as well as other factors. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this press release. Due to risks and uncertainties, including the risks and uncertainties identified by the Company in its public securities filings, actual events may differ materially from current expectations. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.