

Cannara Biotech Inc. Reports Fiscal First Quarter 2022 Financial Results

- *Strong execution leads to third consecutive quarter of positive Adjusted EBITDA*
- *Company recorded quarterly revenues of \$6.6 million*
- *Growing operations initiated at new Valleyfield Facility*

All financial results are reported in Canadian dollars, unless otherwise stated.

MONTREAL, January 20, 2022 /CNW Telbec/ - [Cannara Biotech Inc.](#) ("**Cannara**" or the "**Company**") (TSXV: LOVE) (OTCQB: LOVFF) (FRA: 8CB), a vertically integrated producer of premium-grade cannabis and derivative products with two mega facilities based in Quebec spanning over 1,650,000 sq. ft., today announced its fiscal first quarter of 2022 financial and operating results for the three-month period ended November 30, 2021.

First fiscal Quarter of 2022 Financial and Operational Highlights

Financial

- Posted quarterly revenues of \$6.6 million;
- Recorded a gross profit before fair value adjustments of \$3.0 million or 46%;
- Achieved third consecutive quarter of positive Adjusted EBITDA (\$1.2 million) while sustaining the start-up costs for the production ramp-up of the new Valleyfield Facility;
- Decreased net loss to \$500 thousand compared to a net loss of \$3.5 million in the same quarter of 2021;
- Increased bank facility from \$5.4 million to \$22 million and ended quarter with cash position of \$14 million after reimbursement of \$12 million of higher cost debt;
- Increased working capital to \$18.7 million from a working capital of \$12.4 million as at August 31, 2021;
- Granted an aggregate total of 7,935,000 stock options to certain employees and board members at an exercise price of \$0.18 per common share, subject to certain vesting conditions.

Operational

"Following our solid year-end results, we delivered strong financial performance for the First Fiscal Quarter of 2022 resulting from our focus and execution of delivering premium-grade cannabis products to the market at competitive retail prices," commented Zohar Krivorot, President & Chief Executive Officer of Cannara. "We are at a pivotal point in Cannara's brief but successful history as we are laser focused on delivering premium products at disruptive pricing while significantly increasing production by starting up our Valleyfield Facility. We have made significant improvements to the facility and the results have been extremely positive through our initial grow. We also continue to see increased demand for our products and, as we move forward in 2022, our mission is to increase our production capacity to help meet that unmet and growing demand while further driving shareholder value."

Nicholas Sosiak, Chief Financial Officer of Cannara commented, "As we continue to execute on our stated business strategy, we continue to hit the milestones that we have laid out for the Company. Our third consecutive quarter of positive Adjusted EBITDA was achieved while ramping up production at Quebec's largest cannabis operation which is a testament to our dedicated team committed to producing the highest quality product while controlling costs. There remains a massive opportunity just in Quebec given the modest number of retail outlets and as the Quebec market continues to expand and as Cannara has production capacity to services other markets, we are very well positioned to capitalize on this demand and to continue to gain market share."

- New Health Canada license to sell cannabis derivative products to retail market;
- Received Health Canada processing and cultivation license for Valleyfield Facility;
- Expanded into Ontario market with five skus listed at the Ontario Cannabis Store;
- Propagated 9,600 plants in 1 of its 24 zones at the Valleyfield Facility, each measuring 25,000 square feet, which has been redesigned to replicate indoor growing conditions without utilizing sunlight;
- Subsequent to November 30, 2021, Cannara completed the propagation of its second zone with 9,600 plants given positive results from first zone;
- Launched two new hash products within the Nugz brand in Quebec retail stores: Old School Hash in a 3-gram bar and Ice Water Hash in a 1-gram temple ball.

Outstanding Shares

As at the date of this report, the Company had 876,481,321 common shares and 40,635,583 stock options issued and outstanding. For further information, the complete Audited Consolidated Financial Statements and Management's Discussion and Analysis for the three-month periods ended November 30, 2021 and 2020, along with additional information about the Company and all of its public filings are available at [sedar.com](https://www.sedar.com) and the Company's investor website, investors.cannara.ca.

About Cannara Biotech Inc.

[Cannara Biotech Inc.](https://www.cannara.ca) (TSXV: LOVE) (OTCQB: LOVFF) (FRA: 8CB) is a vertically integrated producer of 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 125,000kg of potential annualized cultivation output. Leveraging Québec's low electricity costs, Cannara's facilities produce craft-cultivated premium-grade cannabis products at an affordable price. For more information, please visit [cannara.ca](https://www.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.

- 1 Gross revenue included revenue from sale of goods, net of excise taxes and lease revenues.
- 2 Gross profit before fair value adjustments % is determined as Gross profit before fair value adjustments divided by Total revenues.
- 3 Gross profit (loss) % is determined as Gross profit (loss) divided by Total revenues.
- 4 Net income (loss) % is determined as Net income (loss) divided by Total revenues.
- 5 Adjusted EBITDA, Adjusted EBITDA % and working capital are non-GAAP financial performance measures. A reconciliation of these measures is presented in the Company's MD&A. Adjusted EBITDA % is determined as Adjusted EBITDA divided by total revenues.
- 6 Working capital is determined as total current assets minus total current liabilities.

1 Adjusted EBITDA is a non-GAAP financial performance measure.

SOURCE Cannara Biotech Inc.

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