

Cannara Biotech Inc. (CSE: LOVE) announces Year-End and Q4 2020 Results

- Cannabis Cultivation at Farnham, one of Canada's largest indoor facilities, dialed in and operational-

MONTREAL, Dec. 15, 2020 /CNW/ - Cannara Biotech Inc. ("**Cannara**") (CSE: LOVE) (OTCQB: LOVFF) (FRA: 8CB) today announced the financial results for the three-month period and year ended August 31, 2020. Unless otherwise noted, all dollar amounts are expressed in Canadian dollars.



FISCAL 2020 OPERATIONAL HIGHLIGHTS

- In January 2020, Cannara received its license to cultivate and process cannabis from Health Canada.
- Cultivation operations in approximately 130,000 square feet at the Farnham Facility were officially launched on February 3, 2020.
- The Company harvested its first crop on April 20, 2020.
- In July 2020, the Company signed a non-binding Letter of Intent (LOI) with the SQDC, where Cannara committed a substantial amount of its supply of premium quality cannabis to its home market of Que ´ bec.
- The Company completed its first wholesale cannabis transaction in July 2020.
- Cannabis operations are now at full capacity, with 18 flowering rooms in operations. Two harvests per week are occurring in-line with the production forecasts.
- In July 2020, the Company signed a \$5 million credit facility with a related-party lender.
- Subsequent to year-end, the Company underwent a verification process with Health Canada to review its operations in order to obtain a license amendment in order for the Company to sell directly to provincial distributors. Management expects that the amended sales license will be awarded in early 2021.
- Subsequent to year-end, on November 27, 2020, the Company entered into a one-year wholesale supply agreement with a licensed producer for which the Company agreed to sell 200 kg of cannabis per month commencing January 1, 2021.
- Subsequent to year-end, on November 30, 2020, the Company entered into an additional lease agreement for the last remaining space available for lease at its Farnham Facility.

"The whole team has done an excellent job in 2020 advancing our cultivation program, resulting in a robust portfolio of key genetics that will be imminently launched throughout Québec and beyond," said Zohar Krivorot, President and Chief Executive Officer of Cannara. "Based on the positive feedback and more importantly, the re-orders and a material supply agreement from our wholesale partners, we are confident our products will resonate with cannabis consumers. This next chapter in our Company's progress - brands, consumer acceptance and ultimately market share - will be key themes for us in 2021."

RESULTS OF OPERATIONS

For the year ended August 31, 2020, the Company's Cannabis operations segment did not generate cannabis-related revenues from its main cultivation activities as the Company had not yet received its amended sales license. First harvest occurred on April 20, 2020 and since then, harvests have been occurring every week. All lots currently in the cultivation phase are growing for commercialization and will be offered on the wholesale or retail market. It is expected that the amended sales license will be obtained early in the new year.

As part of the Company's capital management strategy, the Company has leased out a significant portion of the currently unoccupied space in the Farnham Facility. As at August 31, 2020, The Company leased 423,551 square feet of the total 625,000 available square feet to three tenants. For the three-month period and the year ended August 31, 2020, the Company generated lease revenues of \$515,695 and \$2,394,975 compared to \$553,308 and \$2,096,974 in the same periods of the prior year. This represents an increase of \$298,001 for the year ended, due mainly to the addition of a new tenant during the second and third quarter of 2020.

For the three-month period ended August 31, 2020, the Company reported a total comprehensive loss of \$3.9 million or a loss per share of \$0.01; compared to \$3.8 million or a loss per share of \$0.01 in the same period of prior year. For the twelve-month period ended August 31, 2020, the Company reported a total comprehensive loss of \$13.0 million or a loss per share of \$0.02, similar to the results for the same period of the prior year.

The Company has a working capital of \$7,052,904 as at August 31, 2020 (August 31, 2019 - \$22,737,628). This includes cash on hand of \$7,771,177 (August 31, 2019 - \$26,505,992). The Company expects that its existing cash resources as at August 31, 2020 along with cash received subsequent to year end from its credit facilities will enable it to fund its planned operating expenses for at least the next twelve months from August 31, 2020.

OUTSTANDING SHARES

As at the date of this report, the Company had 737,839,535 common shares and 39,600,001 stock options issued outstanding.

For further information, the complete consolidated Financial Statements and Management's Discussion and Analysis for the three-month period and year ended August 31, 2020, along with additional information about the Company and all of its public filings are available at www.sedar.com and the Company's website, www.cannara.ca.

About Cannara Biotech Inc.

Cannara Biotech Inc. (CSE: LOVE) (OTCQB: LOVFF) (FRA: 8CB) has built one of the largest indoor cannabis cultivation facilities (625,000 square feet) in Canada and the largest in Québec. Leveraging Québec's low electricity costs, Cannara Biotech Inc.'s facility will produce premium-grade indoor cannabis and cannabis-derivative products for the Québec and Canadian markets. 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.

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