



Cannara Biotech Delivers Record Q2 Results as National Expansion Accelerates

- **Record Revenue:** Net revenues of \$26.6 million in Q2 2025, a 35% increase compared to \$19.7 million in Q2 2024, driven by national brand growth and product innovation.
- **Record Profitability:** Gross profit before fair value adjustments rose 52% to \$10.8 million in Q2 2025 from \$7.1 million in Q2 2024, with gross margins improving to 41%.
- **Strong Adjusted EBITDA:** Delivered sixteenth consecutive quarter of positive Adjusted EBITDA, more than doubling to a record \$7.1 million, up 102% from Q2 2024¹.
- **Expanding Market Presence:** Increased national market share to 3.9% in Q2 2025, up 34.5% from same period of prior year, with notable share gains in Québec, Ontario, and Alberta².
- **Strategic Execution on Track:** Achieving Fiscal 2025 objective of activating two new grow zones, with the first brought online in April and the second scheduled for May, bringing total active grow zones to 12 and expanding active canopy by 50,000 sq. ft to over 300,000 sq. ft., supporting annual production capacity of up to 40,000 kg.

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

MONTREAL, QUÉBEC – April 28, 2025 – [Cannara Biotech Inc.](#) (“**Cannara**”, “the **Company**”, “**us**” or “**we**”) ([TSXV: LOVE](#)) ([OTCQB: LOVFF](#)) ([FRA: 8CB0](#)), 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., today announced its financial and operating results for the three and six-month periods ended February 28, 2025.

The full set of interim condensed consolidated financial statements for the three and six-month periods ended February 28, 2025, and the accompanying Management's Discussion and Analysis can be accessed by visiting the Company's website at investors.cannara.ca, or by accessing the Company's SEDAR+ profile at www.sedarplus.ca.

“Q2 2025 marks another record quarter for Cannara, driven by the continued national expansion of our premium brands, strong consumer loyalty, and disciplined execution,” said Zohar Krivorot, President & Chief Executive Officer of Cannara. “Net revenues grew by 35% year-over-year to \$26.6 million, supported by increased demand across all markets. Our estimated national retail market share reached 3.9%, with notable gains in Québec, Ontario, and Alberta—reinforcing our competitive strength across Canada.”

“Operationally, we also achieved a major cultivation milestone with our 11th grow zone activated in April and our 12th coming online in May, expanding active canopy to over 300,000 sq. ft. These additions position us to support an annual production capacity of up to 40,000 kg. With over 20 product launches planned for 2025, and with our home province of Quebec implementing vape regulations in November, we remain

¹ Please refer to the “Non-GAAP Measures and Other Financial Measures” section of this news release for corresponding definitions.

² National retail market share figures are based on estimated retail sales data for the periods of December 2024 to February 2025. Calculated using dataset from Weedcrawler for Quebec retail sales contributions, NSLC for Nova Scotia retail sales, and Hifyre dataset for the rest of Canada. This combined approach provides a more accurate reflection of Cannara's national performance across all licensed markets.

focused on scaling into our unmet demand responsibly while delivering exceptional value to consumers and shareholders alike,” concluded Mr. Krivorot.

“Our second quarter results clearly demonstrate the strength of Cannara’s financial foundation and our ability to scale profitably,” said Nicholas Sosiak, Chief Financial Officer of Cannara. “We delivered \$3.3 million in net income, a \$6.7 million improvement year-over-year, while more than doubling our Adjusted EBITDA to \$7.1 million. This marks our 16th consecutive quarter of positive Adjusted EBITDA, a testament to the consistency and resilience of our operating model. Gross profit before fair value adjustment for the second quarter of 2025 increased 52% to \$10.8 million, and gross margins improved to 41%, reflecting the benefits of higher yields, enhanced scale, and disciplined cost control, although, operating cash flow for the quarter was impacted by the early remittance of excise taxes and increased investment in packaging materials to support sales growth in the second half of the year.”

“Importantly, we achieved these results while continuing to invest in our brands and national expansion strategy, which we are able to execute at very low capital expenditures, presenting incredibly high return on investment opportunity within our base operations,” concluded Mr. Sosiak.

Cannara Biotech’s CFO, Nicholas Sosiak, will host an earnings webcast on Tuesday, April 29, 2025, at 11:00 a.m. ET, consisting of prepared remarks followed by a question-and-answer session.

Participants can find the live webcast [here](#) or on the Cannara Biotech investor website at www.cannara.ca/investors/company-events. For interested individuals unable to join, the event will be archived on the company’s website.

Investors are encouraged to submit questions in advance to investors@cannara.ca. While live questions will be accepted during the session, priority will be given to those submitted by email.

Q2 2025 FINANCIAL HIGHLIGHTS

Q2 2025 vs Q2 2024 Comparable Period

- Gross cannabis revenues before excise taxes increased by 40% to \$36.8 million, reflecting strong demand across existing and new markets and the successful launch of new products and genetics;
- Net revenues rose 35% to \$26.6 million, driven by national brand expansion and higher sales volumes;
- Gross profit before fair value adjustments grew 52% to \$10.8 million, supported by the activation of the 10th grow zone in 2024, improved yields from newly optimized genetics, and reduced production costs;
- Gross margin before fair value adjustments improved to 41%, up from 36%, reflecting enhanced cultivation efficiency and scale;
- Operating income reached \$5.9 million, compared to a \$2.0 million operating loss in Q2 2024, driven by increased sales, lower cost of production, and operational leverage;
- Net income was \$3.3 million, compared to a net loss of \$3.4 million, and includes a \$1.4 million deferred tax expense, signaling a shift to sustained taxable profitability;
- Adjusted EBITDA more than doubled to \$7.1 million, up 102% from \$3.5 million, marking Cannara’s sixteenth consecutive quarter of positive Adjusted EBITDA³;
- The Company generated negative operating cash flow of \$2.6 million in Q2 2025, compared to positive \$2.4 million in Q1 2025. The decline reflects strategic investments in raw material packaging to secure bulk pricing and reduce stock-out risk, along with advance payments of excise tax obligations;
- Free cash flow for Q2 2025 fell by \$5.3 million, from \$1.3 million in Q2 2024 to negative \$4.0 million in Q2 2025³;

³ Please refer to the “Non-GAAP Measures and Other Financial Measures” section of this news release for corresponding definitions.

- Earnings per share were \$0.04, compared to a loss per share of \$0.04 in the prior year period.

Q2 2025 YTD vs Q2 2024 YTD Comparable Year-To-Date

- Gross cannabis revenues before excise taxes rose 36% to \$71.7 million, up from \$52.6 million, driven by deeper market penetration, new market entries, and expanded product offerings including new genetics and SKUs;
- Net revenues increased 32% to \$51.7 million, compared to \$39.2 million in the prior year period;
- Gross profit before fair value adjustments grew 37% to \$20.6 million, supported by expanded production capacity from the 10th grow zone and improved cultivation yields that reduced cost per gram;
- Gross margin before fair value adjustments improved to 40%, up from 38%, reflecting efficiency gains in cultivation and processing;
- Operating income rose to \$10.1 million, up from \$1.5 million, reflecting stronger sales, better cost control, and operational leverage;
- Net income was \$5.6 million, compared to a net loss of \$1.3 million, and includes a \$2.1 million deferred tax expense tied to the Company's expectation of continued taxable profitability;
- Adjusted EBITDA increased by 51% to \$13.1 million, up from \$8.7 million, marking Cannara's sixteenth straight quarter of positive Adjusted EBITDA⁴;
- Operating cash flow totaled \$3.3 million, slightly above \$3.2 million in the same period of last year;
- Free cash flow improved by \$1.3 million, turning positive at \$0.6 million, up from negative \$0.7 million in the prior year, reflecting stronger earnings and disciplined capital deployment⁴;
- Earnings per share were \$0.06, compared to a loss per share of \$0.01 in the prior year period.

Q2 2025 vs Q1 2025 Quarter over Quarter ("QoQ")

- Gross cannabis revenues before excise taxes increased by 5% to \$36.8 million, up from \$34.9 million, driven by strong organic growth in Québec and across other provinces, supported by focused distribution and wholesale expansion;
- Net revenues rose by 6% to \$26.6 million, compared to \$25.1 million, reflecting continued market share gains across key provinces;
- Gross profit before fair value adjustments increased by 11% to \$10.8 million, up from \$9.8 million, due to higher sales volumes and improved cost efficiencies from economies of scale;
- Gross margin before fair value adjustments improved to 41%, up from 39%, supported by higher cultivation yields and ongoing enhancements in cultivation efficiency and quality;
- Operating income increased to \$5.9 million, up from \$4.2 million, as revenue growth outpaced operating expenses, which remained stable quarter over quarter;
- Net income grew by 44% to \$3.3 million, up from \$2.3 million, supported by increased sales and margin expansion;
- Adjusted EBITDA rose 18% to \$7.1 million, compared to \$6.0 million, marking the Company's sixteenth consecutive quarter of positive Adjusted EBITDA⁴;
- Operating cash flow declined from \$5.8 million to negative \$2.6 million, due to advance excise tax payments and strategic raw material purchases to support long-term supply stability;
- Free cash flow was negative \$4.0 million, compared to positive \$4.6 million, reflecting an \$8.6 million swing tied to planned inventory investments and proactive excise tax positioning⁴.

⁴ Please refer to the "Non-GAAP Measures and Other Financial Measures" section of this news release for corresponding definitions.

Q2 2025 OPERATIONAL HIGHLIGHTS

OPERATIONAL

During the quarter, the Company maintained a strong focus on execution, scaling its operations and supply chain to support continued growth in sales and market share across Canada. As part of its 2025 expansion plan, Cannara advanced the activation of two additional grow rooms at its Valleyfield facility. These rooms are scheduled to come online in April and May 2025, adding 6,000 kilograms of annual production capacity and bringing the Company's total output to nearly 40,000 kilograms per year. With these additions, Cannara has achieved its cultivation expansion objective for fiscal 2025. The Company expects its momentum to continue throughout the year as it drives forward its national sales and marketing strategies.

Innovating for Market Leadership

By growing successful product lines and strengthening its position within priority categories, Cannara is effectively capturing additional market share and reinforcing its leadership through disciplined category management and targeted innovation. Launch highlights of Cannara's product portfolio for Q2 2025 include:

- Nugz Hash Wrap (Indica & Sativa)
- Nugz G Sherb All-in-one Vape
- Tribal Aerolith Dry Flower Vaporizer
- Tribal Supernova Cuban Linx All-in-one Vape
- Tribal Bubble Up Full Spectrum Extract
- Tribal Galactic Rntz Trifecta Infused Pre-rolls
- Orchid CBD Grape Rntz Infused Pre-rolls

For Q3 and Q4 2025, the Company has secured a combined 16 new product listings to launch in Ontario and Quebec including three new genetics Meat Pie, Waygu Delight, and Porto Leche:

- Nugz Meat Pie 3.5g Dried Flower (Quebec)
- Nugz Waygu 7g Dried Flower and 7 x 0.5g Multipack Pre-rolls (Ontario)
- Tribal Porto Leche 3.5g Dried Flower and 5 x 0.6g Multipack Pre-roll
- Tribal G Mint Trifecta Infused Pre-rolls (unique sub 30% THC offering for Quebec as per provincial regulations)
- Nugz Neon Bubble Bath Infused Pre-rolls & All-in-one Vape (Ontario)
- Nugz Guava Jam 7 x 0.5g Multipack Pre-rolls (Ontario)

Following the SQDC's recent announcement to open the vape category in Quebec starting November 2025, the Company has been proactively developing innovative vape formulations. These offerings are designed to align with Cannara's reputation for quality while adhering to strict provincial regulations, including the 30% THC limit. Leveraging its leadership in live resin vape sales across the rest of Canada, Cannara is well-positioned to capture market share and lead vape category growth in Quebec upon launch.

Expanding Market Share and Strengthening Leadership Across Canada

The table below presents the Company's national market share for the most recent completed quarter, along with a comparison to the previous quarter. Cannara's recent performance across various provinces highlights its continued successful performance across all markets demonstrating its ability to capture market share from its competitors.

Q2 2025 OPERATIONAL HIGHLIGHTS (cont'd)

Q2 2025 vs Q1 2025 Market Share by Province⁵ Quarter over Quarter

The table below presents the Company's national and provincial market share for the most recent completed quarter, along with a comparison to the previous quarter.

Province	Q2 2025	Q1 2025	Variance
National Market Share	3.9%	3.7%	+5.4%
Quebec	12.8%	12.5%	+2.4%
Ontario	2.9%	2.6%	+11.5%
Alberta	2.7%	2.3%	+17.4%
British Columbia	1.5%	1.5%	0%
Saskatchewan	1.0%	1.7%	-41.2%
Manitoba	0.6%	0.9%	-33.3%
Nova Scotia	0.5%	0.4%	+25.0%

Q2 2025 vs Q2 2024 Market Share by Province⁶ Comparable Period

The table below presents the Company's national and provincial market share for the most recent completed quarter, along with a comparison to the same period of prior year.

Province	Q2 2025	Q2 2024	Variance
National Market Share	3.9%	2.9%	+34.5%
Quebec	12.8%	9.0%	+42.2%
Ontario	2.9%	2.9%	0%
Alberta	2.7%	2.0%	+35.0%
British Columbia	1.5%	1.0%	+50.0%
Saskatchewan	1.0%	0.5%	+100.0%
Manitoba	0.6%	N/A	N/A
Nova Scotia	0.5%	N/A	N/A

⁵ National retail market share figures are based on estimated retail sales data for the periods of September 2024 to February 2025. Calculated using dataset from Weedcrawler for Quebec retail sales contributions, NSLC for Nova Scotia retail sales, and Hifyre dataset for the rest of Canada

⁶ National retail market share figures are based on estimated retail sales data for the periods of December 2023 to February 2024 and December 2024 to February 2025. Calculated using dataset from Weedcrawler for Quebec retail sales contributions, NSLC for Nova Scotia retail sales, and Hifyre dataset for the rest of Canada

Q2 2025 OPERATIONAL HIGHLIGHTS (cont'd)

March 2025 Market Share by Province⁷ Most Recent Completed Month

The table below presents the Company's national and provincial market share for the most recent completed month, along with a comparison to the most recent completed quarter.

Province	March 2025	Q2 2025
National Market Share	4.0%	3.9%
Quebec	13.4%	12.8%
Ontario	3.0%	2.9%
Alberta	2.8%	2.7%
British Columbia	1.6%	1.5%
Saskatchewan	1.5%	1.0%
Manitoba	0.7%	0.6%
Nova Scotia	0.4%	0.5%

⁷ National retail market share figures are based on estimated retail sales data for the periods of December 2024 to February 2025 and March 2025. Calculated using dataset from Weedcrawler for Quebec retail sales contributions, NSLC for Nova Scotia retail sales, and Hifyre dataset for the rest of Canada

SELECTED FINANCIAL HIGHLIGHTS

Selected Financial Highlights	Three-month periods ended		Six-month periods ended	
	February 28, 2025	February 29, 2024	February 28, 2025	February 29, 2024
Financial Summary				
Net revenue ¹	\$ 26,459,029	\$ 19,661,375	\$ 51,413,839	\$ 39,087,903
Other income	127,128	21,828	242,732	78,594
Total revenues	26,586,157	19,683,203	51,656,571	39,166,497
Gross profit, before fair value adjustments	10,832,609	7,141,276	20,614,373	15,076,993
Gross profit	11,955,588	4,140,498	22,134,473	12,375,854
Operating expenses	6,078,362	6,100,045	12,025,168	10,896,755
Operating income (loss)	5,877,226	(1,959,547)	10,109,305	1,479,099
Net finance expense	1,147,842	1,487,073	2,346,007	2,818,440
Net income (loss) before income taxes	4,729,384	(3,446,620)	7,763,298	(1,339,341)
Net income (loss)	3,314,541	(3,446,620)	5,620,404	(1,339,341)
Adjusted EBITDA ²	7,086,199	3,500,320	13,083,519	8,671,132
Percentages of Total revenues				
Gross profit, before fair value adjustments as a percentage of Total revenues ³	41%	36%	40%	38%
Gross profit as a percentage of Total revenues ⁴	45%	21%	43%	32%
Operating income (loss) as a percentage of Total revenues ⁵	22%	-10%	20%	4%
Net income (loss) before income taxes as a percentage of Total revenues ⁶	18%	-18%	15%	-3%
Net income (loss) as a percentage of Total revenues ⁷	12%	-18%	11%	-3%
Adjusted EBITDA as a percentage of Total revenues ⁸	27%	18%	25%	22%
Earnings per share				
Basic earnings (loss) per share	\$ 0.04	\$ (0.04)	\$ 0.06	\$ (0.01)
Diluted earnings (loss) per share	\$ 0.04	\$ (0.04)	\$ 0.06	\$ (0.01)
	February 28, 2025		August 31, 2024	
Cash	\$ 5,055,325		\$ 6,620,387	
Accounts receivable	15,566,003		13,036,873	
Biological assets	6,248,399		6,649,591	
Inventory	39,177,929		33,423,515	
Working capital ⁹	43,158,520		40,471,844	
Total assets	161,407,308		154,719,973	
Total current liabilities	32,051,900		27,002,000	
Total non-current liabilities	35,166,943		39,766,484	
Net assets	94,188,465		87,951,489	
Free cash flow for the quarter ended ¹⁰	(4,018,763)		2,693,427	

¹ Net revenue includes revenue from sale of goods, net of excise taxes and lease revenues.

² Adjusted EBITDA is a non-GAAP financial measure.

³ Gross profit before fair value adjustments as a percentage of Total revenues is a supplementary financial ratio. For more details see the Non-GAAP and Other Financial Measures section of this news release.

⁴ Gross profit as a percentage of Total revenues is a supplementary financial ratio. For more details see the Non-GAAP and Other Financial Measures section of this news release.

⁵ Operating income (loss) as a percentage of Total revenues is a supplementary financial ratio. For more details see the Non-GAAP and Other Financial Measures section of this news release.

⁶ Net income (loss) before income taxes as a percentage of Total revenues is a supplementary financial ratio. For more details see the Non-GAAP and Other Financial Measures section of this news release.

⁷ Net income (loss) as a percentage of Total revenues is a supplementary financial ratio. For more details see the Non-GAAP and Other Financial Measures section of this news release.

⁸ Adjusted EBITDA as a percentage of Total revenues is a non-GAAP financial ratio. For more details see the Non-GAAP and Other Financial Measures section of this news release.

⁹ Working capital is a non-GAAP financial measure. For more details see the Non-GAAP and Other Financial Measures section of this news release.

¹⁰ Free cash flow is a non-GAAP financial measure. For more details see the Non-GAAP and Other Financial Measures section of this news release.

NON-GAAP MEASURES AND OTHER FINANCIAL MEASURES

The Company reports its financial results in accordance with International Financial Reporting Standards (“IFRS”). Cannara uses a number of financial measures when assessing its results and measuring overall performance. Some of these financial measures are not calculated in accordance with IFRS. National Instrument 52-112 respecting Non-GAAP and Other Financial Measures Disclosure (“NI 52-112”) prescribes disclosure requirements that apply to the following types of measures used by the Company: (i) non-GAAP financial measures (ii) non-GAAP and other supplementary financial ratios and (iii) total of segments measures. In this news release, the following non-GAAP measures, non-GAAP and other supplementary financial ratios and segment measures are used by the Company: adjusted EBITDA, free cash flow, working capital, segment gross profit before fair value adjustments as a percentage of segment net revenue, segment gross profit as a percentage of segment net revenue, segment operating income as a percentage of segment net revenue, and adjusted EBITDA as a percentage of net revenue. There are no total of segments measures included in this press release. Additional details for these non-GAAP and other financial measures can be found in the section entitled “Non-GAAP and Other Financial Measures” of Cannara’s MD&A for the three and six-month periods ended February 28, 2025, which is posted on Cannara’s website at www.cannara.ca and filed on SEDAR+ at www.sedarplus.ca. Reconciliations of non-GAAP financial measures and non-GAAP ratios to the most directly comparable IFRS measures are provided below. Management believes that these non-GAAP financial measures and non-GAAP ratios provide useful information to investors regarding the Company’s financial condition and results of operations as they provide key metrics of its performance. These measures are not recognized under IFRS, do not have any standardized meanings prescribed under IFRS and may differ from similar computations as reported by other issuers, and accordingly may not be comparable. These measures should not be viewed as a substitute for the related financial information prepared in accordance with IFRS.

Reconciliation of Adjusted EBITDA

Adjusted EBITDA is a non-GAAP Measure and can be reconciled with net income, the most directly comparable IFRS financial measure, as detailed below.

Adjusted EBITDA as a percentage of total revenues is a non-GAAP financial ratio, determined as adjusted EBITDA divided by total revenues.

Reconciliation of adjusted EBITDA	Three-month periods ended		Six-month periods ended	
	February 28, 2025	February 29, 2024	February 28, 2025	February 29, 2024
Net income	\$ 3,314,541	\$ (3,446,620)	\$ 5,620,404	(1,339,341)
Adjustments:				
Changes in fair value of inventory sold	6,855,245	5,799,042	12,773,976	12,023,708
Unrealized gain on changes in fair value of biological assets	(7,978,224)	(2,798,264)	(14,294,076)	(9,322,569)
Amortization, including amortization in cost of good sold	1,562,366	1,327,162	3,045,450	2,349,439
Write-down of inventory to net realizable value	474,418	199,792	831,083	923,369
Loss on disposal of property, plant and equipment	-	-	1,209	5,380
Share-based compensation	295,168	932,135	616,572	1,212,706
Net finance expense	1,147,842	1,487,073	2,346,007	2,818,440
Income taxes	1,414,843	-	2,142,894	-
Adjusted EBITDA*	\$ 7,086,199	\$ 3,500,320	\$ 13,083,519	\$ 8,671,132
Adjusted EBITDA as a percentage of Total revenues **	27%	18%	25%	22%

*Non-GAAP financial measure

**Non-GAAP financial ratio

NON-GAAP MEASURES, NON-GAAP RATIOS AND SEGMENT MEASURES

Reconciliation of free cash flow

Free cash flow is a non-GAAP measure and can be reconciled with Cash from operating activities, the most directly comparable IFRS financial measure, as detailed below.

Reconciliation of free cash flow	Three-month periods ended		Six-month periods ended	
	February 28, 2025	February 29, 2024	February 28, 2025	February 29, 2024
Cash from in operating activities	\$ (2,550,030)	\$ 2,388,100	\$ 3,284,433	\$ 3,171,012
Adjustment:				
Capital expenditures	1,468,733	1,119,398	2,686,002	3,893,016
Free cash flow*	\$ (4,018,763)	\$ 1,268,702	\$ 598,431	\$ (722,004)

**Non-GAAP financial measure*

Reconciliation of working capital

Working capital is a non-GAAP Measure and can be reconciled with total current assets and total current liabilities, the most directly comparable IFRS financial measure, as detailed below.

Reconciliation of working capital	As at February 28, 2025	As at August 31, 2024
Total current assets	\$ 75,210,420	\$ 58,224,875
Total current liabilities	32,051,900	60,090,241
Working capital*	\$ 43,158,520	\$ (1,865,366)

**Non-GAAP financial measure*

PREVIOUSLY DISCLOSED QUARTERLY EVENTS

March 2025 - Appointment of Justin Cohen as Director

As previously disclosed via press release dated March 24, 2025, the Company announced the appointment of Mr. Justin Cohen to its board of directors as an independent director. Mr. Cohen will also serve as a member of the Audit Committee.

February 2025 - Extension of BMO Credit Facility

As previously disclosed via press release dated February 24, 2025, the Company completed an amendment and restatement of its credit agreement with BMO, acting as administrative agent, lead arranger, syndication agent, and sole bookrunner (the “**Restated Credit Facility**”).

Key highlights of the Restated Credit Facility include:

- **Extension of Term** to December 31, 2027.
- **Simplified Debt Structure**, consolidating into a \$34.8 million term loan, a \$10 million revolving credit facility, and a \$5.5 million letter of credit to support electricity supply.
- **Revised Financial Covenants** providing enhanced flexibility and liquidity.

PREVIOUSLY DISCLOSED QUARTERLY EVENTS (cont'd)

The Restated Credit Facility supports the Company's continued growth and execution of its long-term strategy. A copy of the Restated Credit Facility is available under the Company's profile on SEDAR+ at www.sedarplus.ca.

February 2025 - Amendment of Olymbec Convertible Debenture

As previously disclosed via press release dated February 24, 2025, the convertible debenture originally issued on June 21, 2021, and most recently amended on January 30, 2024 (the "**Olymbec Convertible Debenture**"), was further amended by Olymbec Investments Inc. (the "**Third Convertible Debenture Amendment**"), subject to approval by the TSX Venture Exchange (the "**TSXV**"). At the request of the TSXV, the Company is providing a consolidated summary of all material amendments to the Olymbec Convertible Debenture to date.

- **Original Issuance – June 21, 2021.** The Company issued a secured convertible debenture to Olymbec Investments Inc. in the principal amount of \$5.7 million, maturing on June 21, 2024, with an interest rate of 4% per annum, payable in accordance with the terms of the original agreement.
- **First Amendment – August 31, 2023.** The maturity date was extended to January 31, 2025 (the "**First Extended Maturity Date**") and the interest rate was increased from 4% per annum to 9.25% per annum. Olymbec was granted the right to demand a partial repayment of up to \$1 million on the original maturity date, inclusive of any repayments already made toward principal.
- **Second Amendment – January 30, 2024.** The maturity date was further extended to September 30, 2025. The interest rate remained at 9.25% per annum until January 31, 2025, and increased to 10.75% per annum thereafter for the remainder of the extended term. Olymbec retained the right to demand a partial repayment of up to \$1 million on the first extended maturity date (January 31, 2025), inclusive of any previous principal repayments. This amendment also removed the repayment right granted in the First Amendment.

Key changes under the Third Convertible Debenture Amendment include, as previously disclosed:

- **Term Extension:** The maturity date of the Olymbec Convertible Debenture has been extended to March 31, 2028.
- **Right to Demand Partial Repayment:** Olymbec shall have the right to demand a first partial repayment of up to \$1 million of the Olymbec Convertible Debenture subject to BMO's approval. Olymbec shall also have the right to demand a second partial repayment on September 30, 2025, of an amount equal to half of the principal amount then outstanding.
- **Javaa Convertible Debenture:** Pursuant to an agreement signed with Javaa Private Equity Inc. ("**Javaa**"), concurrently with the execution of the Third Convertible Debenture Amendment, a new unsecured convertible debenture (the "**Javaa Convertible Debenture**") is anticipated be issued on or about September 29, 2025, by the Company to Javaa, in the principal amount equal to the amount required to satisfy Olymbec's demand for the second partial repayment pursuant to the Third Convertible Debenture Amendment. The Javaa Convertible Debenture will have an initial maturity date of March 31, 2028, at the same interest rate as the Olymbec Convertible Debenture.
- **Interest:** As previously disclosed in Cannara's management discussion & analysis for the three-month period ended November 30, 2024, the Olymbec Convertible Debenture bears an interest rate of 10.75% per annum, compounded semi-annually effective January 31, 2025. Interest incurred prior to September 30, 2025, will be due and payable in cash, or in common shares, or in a combination thereof, at a conversion price of \$1.80 per share, at the choice of the Company,

PREVIOUSLY DISCLOSED QUARTERLY EVENTS (cont'd)

subject to the approval of the TSXV. Following September 30, 2025, interest shall be paid quarterly in cash at an interest rate of 10.75% per annum.

All other terms of the Olymbec Convertible Debenture remain unchanged. A copy of the Olymbec Convertible Debenture is available on under the Company's profile on SEDAR+ at www.sedarplus.ca.

Javaa is owned and controlled by Zohar Krivorot, the Chairman of the Board and the Chief Executive Officer of the Company. Accordingly, the future issuance of the Javaa Convertible Debenture may be considered a "related party transaction" pursuant to Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("MI 61-101"). The Company intends to rely on exemptions from the valuation and the minority approval requirements of MI 61-101 provided for in subsections 5.5(a) and 5.7(1)(a) of MI 61-101, respectively, as the future Javaa Convertible Debenture is not anticipated to represent additional consideration of a market value exceeding more than 25% of the Company's market capitalization as determined in accordance with MI 61-101.

Mr. Derek Stern, a non-independent director of the Company, holds a significant interest in Olymbec, the holder of the convertible debenture. Accordingly, the Convertible Debenture Amendments are considered a "related party transaction" pursuant to MI 61-101. The Company intends to rely on exemptions from the valuation and the minority approval requirements of MI 61-101 provided for in subsections 5.5(a) and 5.7(1)(a) of MI 61-101, respectively, as the Convertible Debenture Amendments do not represent additional consideration of a market value exceeding more than 25% of the Company's market capitalization as determined in accordance with MI 61-101. The Company previously relied on the same exemptions for the first amendment on August 31, 2023, and second amendment on January 30, 2024.

CAPITAL TRANSACTIONS AND OTHER EVENTS

Capital Transactions

During Q2 2025, the Company issued 625,000 common shares for RSUs that vested.

Subsequent to quarter-end, the Company granted 100,000 stock options at an exercise price of \$1.25 and 84,400 stock options at an exercise price of \$1.80 to employees and consultant subject to certain vesting and conditions in accordance with the Company's employee share option plan. The Company also granted 22,500 RSUs without performance conditions and exercisable for no consideration.

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Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

ABOUT CANNARA

[Cannara Biotech Inc. \(TSXV: LOVE\)](#) ([OTCQB: LOVFF](#)) ([FRA: 8CB0](#)), is a vertically integrated producer of affordable premium-grade cannabis and cannabis-derivative products for the Canadian markets. Cannara owns two mega facilities based in Québec spanning over 1,650,000 sq. ft., providing the Company with 100,000 kg 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](https://www.cannara.ca).

CAUTIONARY STATEMENT REGARDING “FORWARD-LOOKING” INFORMATION

This news release may contain “forward-looking information” within the meaning of Canadian securities legislation (“**forward-looking statements**”). These forward-looking statements are made as of the date of this MD&A and the Company does not intend, and does not assume any obligation, to update these forward-looking statements, except as required under applicable securities legislation. Forward-looking statements relate to future events or future performance and reflect Company management's expectations or beliefs regarding future events and include, but are not limited to, the Company and its operations, its projections or estimates about its future business operations, its planned expansion activities, anticipated product offerings, the adequacy of its financial resources, the ability to adhere to financial and other covenants under lending agreements, future economic performance, and the Company's ability to become a leader in the field of cannabis cultivation, production, and sales.

In certain cases, forward-looking statements can be identified by the use of words such as “plans,” “expects” or “does not expect,” “is expected,” “budget,” “scheduled,” “estimates,” “forecasts,” “intends,” “anticipates” or “does not anticipate,” or “believes,” or variations of such words and phrases or statements that certain actions, events or results “may,” “could,” “would,” “might” or “will be taken,” “occur” or “be achieved” or the negative of these terms or comparable terminology. In this document, certain forward-looking statements are identified by words including “may,” “future,” “expected,” “intends” and “estimates.” By their very nature, forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance, or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

Forward-looking information is based upon a number of assumptions and is subject to a number of risks and uncertainties, many of which are beyond our control, which could cause actual results to differ materially from those that are disclosed in, or implied by, such forward-looking information. These risks and uncertainties include, but are not limited to, the risk factors which are discussed in greater detail under “Risk Factors” in the Company's AIF available on SEDAR+ at www.sedarplus.ca and under the “Investor Area” section of our website at <https://www.cannara.ca/en/investor-area>.

Other risks not presently known to the Company or that the Company believes are not significant could also cause actual results to differ materially from those expressed in its forward-looking statements. Although the forward-looking information contained herein is based upon what we believe are reasonable assumptions, readers are cautioned against placing undue reliance on this information since actual results may vary from the forward-looking information. Certain assumptions were made in preparing the forward-looking information concerning the availability of capital resources, business performance, market conditions, as well as customer demand. Consequently, all of the forward-looking information contained herein is qualified by the foregoing cautionary statements, and there can be no guarantee that the results or developments that we anticipate will be realized or, even if substantially realized, that they will have the expected consequences or effects on our business, financial condition or results of operation. Unless otherwise noted or the context otherwise indicates, the forward-looking information contained herein is provided as of the date hereof, and we do not undertake to update or amend such forward-looking information whether as a result of new information, future events or otherwise, except as may be required by applicable law.