



For Immediate Distribution

Cannara Announces Amendment and Upsize of BMO Credit Facility to Support Facility Expansion at Valleyfield

Expanded credit facility to fund initial post-harvest buildout at Valleyfield, supporting the Company's long-term goal of reaching 100,000 kg annual capacity.

MONTREAL, QUÉBEC – **August 21, 2025** – [Cannara Biotech Inc.](#) (“Cannara”, “the Company”, “us” or “we”) ([TSXV: LOVE](#)) ([OTCQB: LOVFF](#)) ([FRA: 8CB0](#)), a vertically integrated producer of premium-grade cannabis products at disruptive prices with two mega facilities based in Québec spanning over 1,650,000 sq. ft., is pleased to announce amendments to its existing credit facility with Bank of Montreal (“BMO”) acting as administrative agent, lead arranger, syndication agent and sole bookrunner (the “**Restated Credit Facility**”), including a \$10 million upsize to support strategic capital investments at its Valleyfield facility.

“These amendments to our credit facility with BMO reflect the confidence in Cannara’s growth strategy and operational performance,” said Zohar Krivorot, President & CEO of Cannara.

“With improved financial flexibility and reduced financing costs, we are well positioned to execute the expansion of our Valleyfield facility and deliver sustained value to our shareholders. Cannara remains committed to maintaining a strong balance sheet while investing in strategic initiatives that support long-term profitable growth” added Nicholas Sosiak, Chief Financial Officer of Cannara.

\$10 Million Capital Expenditures Facility

The Restated Credit Facility includes the addition of a \$10 million committed delayed capital expenditures debt facility (the “**Capital Expenditures Facility**”). The Capital Expenditures Facility is available by way of multiple draws until July 2026 with a 10-year amortization schedule, repaid in quarterly instalments of unblended payments of principal and interest, with the remaining balance due on December 31, 2027.

The new Capital Expenditures Facility will fund the initial phase of Cannara’s post-harvest expansion at Valleyfield, introducing state-of-the-art hang-drying, freezing, trimming, and packaging capabilities, expanded processing and storage areas, and enhanced butane extraction capacity. By enabling upcoming cultivation room activations beyond the current 12 operating zones, this phase lays the foundation for Cannara’s next stage of growth and advances the Company toward its long-term goal of 100,000 kg in annual production capacity.

Previously Disclosed Amendments to the Restated Credit Facility

In addition to the Capital Expenditures Facility announced today, the Company has previously disclosed the following changes to the Restated Credit Facility.

- **Interest Rate Reduction:** On June 18, 2025, the Company announced that it had secured a total 50-basis-point reduction in the interest rate spread under the Restated Credit Facility, achieved in two stages: an initial 25-basis-point decrease through an amendment to the credit agreement, and a further 25-basis-point reduction triggered by meeting certain covenant thresholds as of the second quarter of fiscal 2025 (ended February 28, 2025). In Q4 2025, the Company achieved an additional 25-basis-point reduction after meeting key covenant thresholds as of Q3 2025, resulting in the full additional savings to be realized in reduced interest expense going forward. As a result, Cannara’s overall cost of debt under the credit facility declined from over 8% in 2024 to below 6%, reflecting the Company’s strong financial performance and disciplined capital management.
- **Removal of Limited Recourse Guarantee:** As previously disclosed in Cannara’s management’s discussion and analysis for the three-and nine-month periods ended May 31, 2025, in March 2025, the Company also successfully met key covenant thresholds under its credit agreement with BMO, eliminating the limited

recourse guarantee provided by a related party. This milestone reduced annual interest expense by approximately \$375,000, further strengthening Cannara's capital structure.

For a full description of the BMO Restated Credit Facility, please refer to the Company's Annual Information Form for the fiscal year ended August 31, 2024. A copy of the Restated Credit Facility is available under the Company's profile on SEDAR+ at www.sedarplus.ca.

CONTACT

Nicholas Sosiak, CPA, CA
Chief Financial Officer
nick@cannara.ca

Zohar Krivorot
President & Chief Executive Officer
zohar@cannara.ca

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 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.

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. All statements other than statements of historical facts included in this document constitute forward-looking information, including but not limited to statements with respect to Cannara's increased production capabilities, debt structure and financial flexibility.

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.