cannara

Quebec Grown
Premium-Grade Cannabis

MANAGEMENT DISCUSSION & ANALYSIS

For the three and nine-month periods ended May 31, 2026

July 14, 2026

CANNARA BIOTECH INC.

TSX: LOVE OTCQX: LOVFF FRA: 8CB0

This Management Discussion and Analysis ("**MD&A**") of Cannara Biotech Inc. ("**Cannara**", the "**Company**", "**us**", "**we**" or "**our**") has been prepared by management as of July 14, 2026 and should be read in conjunction with the condensed interim consolidated financial statements and related notes thereto of the Company for the three and nine-month periods ended May 31, 2026 and 2025.

The Company's annual audited consolidated financial statements were prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**") and the financial information herein was derived from those statements.

Please also refer to the Company's press release announcing its results for the fiscal quarter ended May 31, 2026, issued on July 15, 2026. Quarterly reports, and the Company's Annual Information Form for the year ended August 31, 2025 (the "**AIF**") can be found on SEDAR+ at www.sedarplus.ca and under the "Investor Area" section of our website at https://www.cannara.ca/en/investor-area.

All dollar amounts referred to in this MD&A are expressed in Canadian dollars unless indicated otherwise.

All references in this MD&A to "Q3 2026" and "third quarter of 2026" are to Cannara's fiscal quarter ended May 31, 2026, and "Q3 2025" and "third quarter of 2025" are to Cannara's fiscal quarter ended May 31, 2025.

Additional information filed by Cannara with the Canadian Securities Administrators, including quarterly and annual reports, the AIF and other material contracts can be found online at www.sedarplus.ca.

FORWARD-LOOKING STATEMENTS

This MD&A 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 STATEMENTS *(continued)*

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 following 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: compliance with laws, reliance on licenses, costs associated with numerous laws and regulations, change in laws, regulations, and guidelines, competition, competition from the illicit market, risks related to Canadian excise duty framework, insurance and uninsured or uninsurable risk, key personnel, labour costs, labour shortages, and labour relations, liquidity and future financing, conflicts of interest, litigation risk, intellectual property, IT and security risk, agricultural and cannabis operations, third-party transportation disruptions, commodity price risks, fluctuating prices of raw materials, environmental and employee health and safety regulations, restrictions on promotion and marketing, unfavourable publicity or consumer perception, significant ownership interest of management, directors, and employees, speculative nature of investment, global economy risk, risks related to the ownership of the common shares, forward-looking statements and risks, volatility of common shares market price, non-payment of dividends, future sales of common shares, unlimited issuance of common shares without shareholder approval, fluctuations in operating results, lack of research analyst coverage, limited control by shareholders over operations and risks related to internal controls over financial reporting.

This is not an exhaustive list of risks that may affect the Company’s forward-looking statements. 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 the Company disclaims any intention 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.

NON-GAAP AND OTHER FINANCIAL MEASURES

Management has included certain financial performance measures that are not recognized or defined under IFRS ("**non-GAAP measures**"). There are no standardized methods of calculating these non-GAAP measures, ratios and segment measures. Management's methods may differ from those used by others and, accordingly, these measures may not be directly comparable from those used by others, and accordingly, these measures may not be directly comparable to similarly titled measures used by others. Accordingly, these measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared 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;

In this MD&A, 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 total revenues, segment gross profit as a percentage of segment total revenues, segment operating income as a percentage of segment total revenues, gross profit as a percentage of total revenues and adjusted EBITDA as a percentage of total revenues.

Management of the Company ("**Management**") employs these measures internally to measure operating and financial performance. Management believes that these non-GAAP and other financial measures provide useful information to investors and analysts regarding the Company's financial condition and results of operations as they provide additional key metrics of its performance. These non-GAAP and other financial measures are not recognized under IFRS, do not have any standardized meaning prescribed under IFRS and may differ from similarly named measures 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.

These measures are defined in, "Glossary of non-GAAP and other financial measures" below and reconciliations to IFRS measures can be found in sections "Selected Financial Information", "Selected Segment Results of Operations" and "Quarterly Financial Position and Results".

GLOSSARY OF NON-GAAP AND OTHER FINANCIAL MEASURES *(continued)*

MEASURE	DEFINITION	COMPARABILITY	UTILITY TO MANAGEMENT AND INVESTORS
Adjusted EBITDA	Adjusted EBITDA is defined as net income before changes in fair value of inventory sold, unrealized gains and losses on changes in fair value of biological assets, depreciation including depreciation in cost of goods sold, write-down of inventory to net realizable value, gain or loss on disposal of property, plant and equipment or right-of-use assets, share-based compensation, net finance expense and income taxes. The exclusion of net finance expense and income taxes eliminates the impact on earnings derived from non-operational activities. The exclusion of depreciation, write-down of inventory to net realizable value, share-based compensation, changes in fair value of inventory sold, unrealized gains and losses on changes in fair value of biological assets, and gains and losses on disposal of property, plant and equipment or right-of-use assets eliminates the non-cash impact of these items.	Adjusted EBITDA is a non-GAAP financial measure that has no standardized definitions under IFRS, and, accordingly, these measures may not be comparable to similar measures used by other issuers.	Management believes that the use of adjusted EBITDA allows investors and analysts to understand the results of operations of the Company by excluding the non-operational activities and non-cash items for the period. Adjusted EBITDA should not be considered either as discretionary cash available to invest in the growth of the business or as a measure of cash that will be available to meet the Company's obligations. From time to time, the Company may exclude additional items if it believes doing so would result in a more effective analysis of underlying operating performance. The exclusion of certain items does not imply that they are non-recurring.
Free cash flow	Free cash flow is defined as cash flow from operations less capital expenditures payments, defined as deposits on property, plant and equipment plus, acquisition of property, plant and equipment.	Free cash flow is a non-GAAP financial measure that has no standardized definitions under IFRS, and, accordingly, may not be comparable to similar measures used by other issuers.	Management considers free cash flow to be an important indicator of the financial strength and liquidity of its business as it indicates how much cash is available to service debt and to fund business investments or shareholder distributions.
Working Capital	Working capital is defined as total current assets minus total current liabilities for the corresponding period ended as at that date.	Working capital is a non-GAAP financial measure that has no standardized definitions under IFRS, and, accordingly, may not be comparable to similar measures used by other issuers.	Management believes that working capital is an important liquidity measure and allows investors and analysts to assess the Company's financial position.
Segment gross profit, before fair value adjustments as a percentage of segment total revenues	Segment gross profit, before fair value adjustments as a percentage of segment total revenues is defined as segment's gross profit before fair value adjustments divided by segment total revenues.	These percentages are other supplementary financial ratios related to segment measures that have no standardized definitions under IFRS, and, accordingly, may not be comparable to similar measures used by other issuers.	Management believes that the use of this percentage allows investors and analysts to understand the core profitability of operations excluding volatile fair value adjustments.
Segment gross profit as a percentage of segment total revenues	Segment gross profit as a percentage of segment total revenues is defined as segment's gross profit divided by segment total revenues.		Management believes that the use of this percentage allows investors and analysts to understand the efficiency of production and the cost management effectiveness.
Segment operating income as a percentage of segment total revenues	Segment operating income as a percentage of segment total revenues is defined as segment's operating income divided by segment total revenues.		Management believes that the use of this percentage allows investors and analysts to understand the operational efficiency and the profitability from core operations.
Adjusted EBITDA as a percentage of total revenues	Adjusted EBITDA as a percentage of total revenues is defined as adjusted EBITDA divided by total revenues.	Adjusted EBITDA as a percentage of total revenues is a non-GAAP financial ratio that has no standardized definitions under IFRS, and, accordingly, these measures may not be comparable to similar measures used by other issuers.	Management believes that the use of this percentage allows investors and analysts to understand the results of operations of the Company by excluding the effects of elements that are non-operational activities and non-cash items.

COMPANY PROFILE

Cannara was incorporated under the laws of British Columbia on October 19, 2017, and is currently listed and publicly traded on the Toronto Stock Exchange ("**TSX**") under the symbol "LOVE", the OTCQX® Best Market ("**OTCQX**") under the symbol "LOVFF" and the Frankfurt Stock Exchange under the symbol "8CB0". The Company's headquarters are located in Montreal, Quebec.

Cannara is a vertically integrated Canadian producer of premium-grade cannabis and cannabis-derivative products. The Company's core focus is to deliver premium-quality products at competitive retail price points. Leveraging Quebec's low-cost electricity and scaled operating platform, Cannara owns and operates two Quebec-based facilities totaling over 1,600,000 square feet.

Cannara's first purpose-built, modern indoor cultivation facility is located in Farnham, Quebec, and comprises approximately 605,000 square feet, including 190,000 square feet of operational licensed area and 415,000 square feet of leased warehouse space ("**Farnham Facility**"). The Farnham Facility supports Cannara's cultivation nursery operations, pheno-hunting and R&D, as well as manufacturing, product transformation, and packaging.

The Company's second facility ("**Valleyfield Facility**") is a purpose-built hybrid greenhouse located in Salaberry-de-Valleyfield, Quebec. The Valleyfield Facility was originally constructed at a cost in excess of $250 million and was acquired by Cannara in 2021 for $27 million, plus the funding of certain deposit requirements. Valleyfield is Cannara's primary cultivation hub and is intended to be used exclusively for cultivation, post-harvest processing, and solvent-based extraction, supporting scaled, consistent production across the Company's diverse cannabis product portfolio.

Designed to replicate key indoor growing conditions within a greenhouse environment, the Valleyfield Facility is engineered to deliver consistency in premium flower cultivation. The site spans over one million square feet and includes 24 independent grow zones totaling approximately 600,000 square feet, a 225,000 square-foot cannabis processing center, and a 200,000 square-foot rooftop greenhouse.

Cannara conducts all of its cannabis operations through its wholly owned subsidiary, Cannara Biotech (Quebec) Inc., which holds active licences issued by Health Canada under the Cannabis Act for both of the Company's production facilities.

Cannara is a leading producer of premium quality cannabis. Cannara is transforming the cannabis buying experience by offering consumers what they have been asking for: high quality at great value, consistent product, exciting genetics, transparent harvest dates, quality input ingredients, attention to detail, and community responsiveness, all of which have a synergistic effect on product demand and market penetration.

Cannara promises a better value proposition for consumers, retailers, and investors alike: consumers save money when purchasing premium Cannara cannabis products, retailers experience a higher volume and velocity of sales, and investors benefit from a sustainable operation generating healthy and consistent gross margins. The Cannara platform consists of 2 low-cost facilities in Quebec, a lean labour force, and a passionate management team dedicated to product innovation, thoughtful leadership, and maintaining a low cost-structure, all designed to allow for the highest quality products at some of the most disruptive prices in retail. The Cannara model has resulted in grassroots following in Quebec, significant brand awareness and affinity amongst Ontario, Alberta, British Columbia, Nova Scotia, Manitoba and Saskatchewan retailers and consumers, and additional inquiries for product distribution across the rest of Canada. As of the date of this MD&A, with over 49,000 points of distribution ("**PODs**"), Cannara products account for an estimated 3.3% of total cannabis product retail listings nationwide reflecting both outperformance with market share exceeding PODs and a strong increasing presence in the highly competitive Canadian cannabis retail market with significant potential for further growth[1].

National Distribution Performance[1]

National Retail Listings	June 2026	Q3 2026	Q2 2026	Q1 2026
% Cannara Retail Penetration	3.3%	3.1%	3.0%	2.9%

[1] As reported by Turff Analytics, July 2026.

COMPANY PROFILE *(continued)*

Since 2021, Cannara has executed a disciplined, demand-driven expansion of its cultivation footprint at the Valleyfield Facility. During Q3 2026, the Company activated two additional cultivation zones, increasing its active footprint from 12 to 14 of 24 available grow zones. As of the date of this MD&A, Cannara has approximately 350,000 sq. ft. of active canopy at Valleyfield, with 14 grow zones of approximately 25,000 sq. ft. each in production, currently delivering an estimated annualized production capacity of over 58,000 kg. With over 50% of Valleyfield's planned grow zone capacity now activated, Cannara intends to continue scaling in a measured manner, aligning incremental capacity additions with demand visibility, processing capacity and operational execution.

In Q3 2026, the Company generated $31.8 million in total net revenues, gross profit before fair value adjustments of $13.4 million, or 42%, adjusted EBITDA of $8.5 million, or 27% of total revenues, net income of $4.8 million, operating cash flow of $5.7 million and free cash flow of $1.3 million, in addition to basic and diluted earnings per share of $0.05 for the quarter.

Looking ahead, the Company's Fiscal 2026-2027 capital program continues to prioritize the development of the processing center at the Valleyfield Facility. This investment is expected to expand post-processing throughput and support the future activation of additional grow zones within Cannara's existing owned footprint.

To meet commercial demand, the Company expects to activate four additional cultivation zones by the end of fiscal 2027, bringing its total active footprint to 18 of 24 available grow zones. Once complete, this expansion is projected to increase annual production capacity to approximately 75,000 kg, enabling Cannara to reach this targeted production capacity approximately one year ahead of its original fiscal 2028 timeline.

COMPANY PROFILE *(continued)*

As of May 31, 2026, Cannara's distribution network services 8 provinces: Quebec, Ontario, Alberta, British Columbia, Saskatchewan, Manitoba, Nova Scotia and Newfoundland. Quebec, Ontario and Alberta currently represent the Company's main markets, comprising 88% of the Company's cannabis revenues for Q3 2026.

The Company's estimated market share by province for the four most recently completed quarters and the most recently completed month is presented below.

Province	June 2026	Q3 2026	Q2 2026	Q1 2026	Q4 2025
National	**4.4%**	**4.4%**	**4.4%**	**4.1%**	**3.8%**
Quebec	12.9%	14.1%	14.3%	13.5%	12.8%
Ontario	3.7%	3.5%	3.1%	3.1%	2.8%
Alberta	2.9%	2.6%	2.3%	2.5%	2.5%
British Columbia	2.1%	1.7%	2.0%	1.8%	1.8%
Saskatchewan	1.0%	0.9%	1.2%	0.9%	1.3%
Manitoba	1.5%	1.6%	1.9%	1.4%	1.1%
Nova Scotia	0.4%	0.5%	0.4%	0.4%	0.5%
Newfoundland	0.2%	0.1%	0.1%	0.1%	NA

Cannara maintained an estimated national retail market share of 4.4% for Q3 2026 consistent with Q2 and ahead of the 4.1% reported in Q1 2026. This stability reflects the continued portability of Cannara's brand portfolio across Canada, with gains in Ontario and Alberta helping to offset normalization in Quebec following a period of outsized growth. In Ontario, Canada's largest and most competitive cannabis market, Cannara's estimated retail market share increased to 3.5% in Q3 2026 and reached 3.7% in June 2026, highlighting continued progress in expanding beyond its Quebec leadership position.[2]

Additional information about Cannara may be found at www.cannara.ca. Investor information may be found at www.investors.cannara.ca.

The Company has designed several lines of branded apparel and accessories available for sale on its online website https://cannarashop.ca (not available in Quebec due to provincial restrictions).

[2] Based on retail market sales dollar estimates for the periods of June to August 2025, September 2025 to November 2025, December 2025 to February 2026, March 2026 to May 2026 and June 2026, calculated using dataset from Weedcrawler for Quebec retail sales contributions, NSLC for Nova Scotia retail sales, and Hifyre dataset for the rest of Canada.

CANNARA'S FACILITIES

FACILITY	SIZE	CAPACITY	TYPE	ELECTRICITY	FACILITY HIGHLIGHTS
FARNHAM, QUEBEC	Licensed area: 190,000 sf Site: 605,000 sf Land: 1,430,000 sf	Nursery, Pheno-hunt and R&D Center: 60,000 sf Manufacturing and Packaging Area: 130,000 sf	Indoor	Power rate of approx. $0.082/kWh	• State-of-the-art manufacturing and packaging facility • Nursery operations for cloning and mother stock • Pheno-hunting and R&D • Solventless hash laboratory • Pre-roll manufacturing • Transformation and Packaging
VALLEYFIELD, QUEBEC	Licensed area: 600,000 sf Rooftop greenhouse: 200,000 sf Processing and cannabis 2.0 processing center: 225,000 sf Site: 1,025,000 sf	Active Grow Area: 350,000 sf (14 of 24 zones) ~58,000 kg Current capacity 100,000 kg Full capacity	Hybrid Indoor	Preferential contracted power rate of approx. $0.065/kWh	• Purpose-built for cannabis cultivation • Onsite Hydro Québec substation • Fully outfitted and automated • 24 independent grow rooms • Blackout & shading systems • Processing center (under construction) • BHO extraction laboratory

CANNARA'S BRAND PORTFOLIO

Cannara's portfolio consists of three flagship brands with distinctive identity and purpose, each filling a white space in Canada's current cannabis market. All three brands offer premium-grade cannabis, hang-dried, slow cured and trimmed perfectly to preserve the flower's natural properties. Our brand portfolio includes:

Brand	Story	Product Mix	Markets
TRIBAL	Tribal delivers uncompromised premium grade cannabis products to consumers who have a deep relationship with cannabis. From pheno-hunting rare genetics to unfolding each strain's lineage and flavour profiles, Tribal offers a continuous rotation of genetic strains at entry-level pricing.	Dried Flower Pre-Rolls Infused Pre-rolls Live Resin Full Spectrum Extract Live Resin Vape Cartridges Accessories	Quebec Ontario Saskatchewan Alberta British Columbia Manitoba Nova Scotia Newfoundland
Nugz	Nugz is a cult-worthy movement committed to abundance, quality, and value. Nugz offers an exceptional product at disruptive retail prices specifically designed for long-time cannabis enthusiasts who have a sharp sense for quality but are looking for a price break that aligns with consuming habits.	Dried Flower Milled Flower (Grind) Pre-Rolls Infused Pre-Rolls Old School Hash Ice Water Hash Fresh Frozen Hash Rosin Edibles Vape Cartridges Accessories	Quebec Ontario Saskatchewan Alberta British Columbia Manitoba Nova Scotia Newfoundland
ORCHID CBD	Orchid CBD is a wellness brand dedicated to providing premium CBD-rich cannabis. Orchid CBD offers award-winning strains of terpene-rich, trichome-covered, oversized dried flowers that deliver softer blissful experiences with no compromise on quality and flavours.	Dried Flower Pre-Rolls Infused Pre-rolls Oils Live Resin Vape Cartridges	Quebec Ontario Saskatchewan Alberta British Columbia Manitoba Nova Scotia

CANNARA'S GENETIC PORTFOLIO

Cannara has access to an extensive bank of genetics which includes exclusive strains only available from the Company in the Canadian market. By undergoing a rigorous pheno-hunting selection process, Cannara can further broaden the product mix for each one of its brands by providing consumers with unique, dedicated cannabis experiences from carefully selected cultivars for years to come. Our lineup of unique genetics currently available in the retail market includes:

Genetic	Brand	Launch Date	THC	CBD	Type	Aromas and Flavours
JEAN GUY CBD	Orchid	May 2026	8%	12%	Sativa	Jean Guy CBD delivers a bright citrus burst up front, with notes of crisp lemon and sweet mango layered over earthy undertones, finishing with a sharp gassy pine kick.
FLORIDA ORANGES	Nugz	February 2026	29%	<1%	Hybrid–Indica	Florida Oranges delivers a loud burst of orange zest upfront, followed by a punch of gassy undertones on the backend.
GRAN TURISMO (GT)	Tribal	February 2026	30%	<1%	Indica	Gran Turismo delivers a high-octane blend of sweet candy and tropical fruit flavours up front, driven by sharp citrus notes and gas.
WAGYU DELIGHT	Nugz	June 2025	29%	<1%	Indica	Wagyu Delight has complex meat and pastry flavours that give way to the subtle sweetness of blueberry on the exhale
PORTO LECHE	Tribal	June 2025	28%	<1%	Hybrid–Indica	Porto Leche hits high notes of rich berry and grape flavours upfront, followed by a smooth, creamy finish reminiscent of sweet milk
MEAT PIE	Nugz	April 2025	25%	<1%	Indica	Meat Pie boasts bold diesel and spicy herb notes upfront, layered with fruity undertones and a distinct meaty finish
GUAVA JAM	Nugz	May 2024	29%	<1%	Indica	Guava Jam offers a sweet and tropical fruit flavour
NEON SUNSHINE	Tribal	April 2024	29%	<1%	Hybrid–Indica	Neon Sunshine leans heavily into citrus flavours and aromas, with a touch of octane to round out the experience.
BUBBLE UP	Tribal	April 2024	28%	<1%	Indica	Bubble Up provides a rare and sought-after effervescent sensation with a spicy fresh aroma.
TRIPLE BURGER	Tribal	November 2022	28%	<1%	Indica	Triple Burger complements Cannara's genetic library with heavy gas aroma and hints of skunk, rubber, and cheese and a touch of sweetness.
GALACTIC RNTZ	Tribal	November 2022	26%	<1%	Indica	Galactic Rntz's complex aroma and flavour provides a strong gas flavour with fruity, sour undertones.
TERPLE	Tribal	March 2022	22%	<1%	Hybrid–Sativa	Terple's aroma and flavour are complex with elements of sweet oranges, sour citrus, and spicy diesel.
CUBAN LINX	Tribal	June 2021	28%	<1%	Sativa	Cuban Linx packs a rich lemony aroma accentuated by hints of gassy diesel and a touch of spice.
CBD RUNTZ	Orchid CBD	June 2021	15%	8%	Hybrid–Sativa	CBD Runtz is an award-winning CBD rich strain that offers an abundance of terpenes, a fruity and sweet aroma that delivers a candy-like flavour.
EARLY LEMON BERRY	Nugz	March 2021	23%	<1%	Sativa	Early Lemon Berry features overwhelming citrus flavours thanks to its higher percentage of myrcene and ocimene terpenes. It smells like a mix of sweet grapefruit, lemons, and berries.
GELATO MINT	Tribal	February 2021	22%	<1%	Indica	Gelato Mint is best known for its fresh mint and cream flavours and aromas. As its name suggests, Gelato Mint smells like a fresh mint dessert with pepper and earthy pine undertones.

CANNARA'S COMPETITIVE ADVANTAGE

Each of Cannara's market launches has demonstrated positive consumer response to its brand strategy, pricing strategy, product offering, and genetic mix across retail outlets in Canada. The Company's premium-quality cannabis offered at disruptive pricing has resulted in continued demand growth in Canada, which reinforces Cannara's plan to continue to focus on Canada and expand production at its Valleyfield Facility. Cannara's attention to detail, transparency, unique packaging, and community responsiveness have collectively added to its value proposition, which in turn has had a compounding effect on customer demand, market penetration, and satisfaction. Some notable examples of Cannara's competitive advantage include:

Scalable quality

Cannara delivers award-winning cannabis flower by staying true to craft cultivation practices, hang drying, hand trimming and slow curing, while scaling its operations significantly. With one of Canada's largest fully owned cultivation footprints and dozens of individually controlled grow rooms, Cannara combines precision and scale without compromising quality. Its meticulous approach, from cultivation through to packaging, positions the Company as one of the few capable of consistently producing premium cannabis at scale in Canada.

Price competitiveness

Cannara continues to uphold a value-based pricing strategy without compromising on quality. Leveraging Quebec's low electricity, utility, and labour costs, along with the favourable acquisition cost of its facilities and full vertical integration, Cannara benefits from meaningful cost advantages and economies of scale. These structural efficiencies enable the Company to offer premium cannabis at accessible prices while targeting average gross margins above 40%.

Innovation in products

Cannara continued to advance its innovation strategy in Q3 2026, launching new products across dried flower, pre-rolls, infused pre-rolls, vapes, concentrates and CBD formats. The quarter reflected the strength of the Company's three-brand platform, with each of Tribal, Nugz and Orchid CBD contributing new formats aligned with its respective consumer positioning.

Under Tribal, Cannara expanded its premium flower and live resin platform with the launch of GT pre-rolls and GT Live Resin 510 vape, while extending the Porto Leche platform through Porto Leche Supernova all-in-one live resin vape and Porto Leche ceramic tip pre-rolls. The Company also introduced Neon Sunshine and Bubble Up in 14g dried flower formats.

Under Nugz, Cannara continued to scale its Flavour Bomb sub-brand with new infused pre-roll and liquid diamond vape offerings across both all-in-one and 510 formats. Flavour Bomb now ranks among Ontario's top three best-selling infused pre-roll multipacks and leads the segment in sales per SKU generating nearly six times the category average in retail sales, with only three SKUs[3]. The Company also expanded Nugz with Great Buy Oz dried flower in a 28g format and Jungle Driver Fresh Frozen Hash Rosin.

Under Orchid CBD, Cannara launched CBD Jean Guy across dried flower (3.5g), pre-rolls (5x0.5g) and flower sticks (10 x 0.35g straight-cut pre-rolls), expanding the Company's CBD-rich portfolio and providing consumers with additional format choices within Orchid's balanced, CBD-forward platform.

[3] As reported by OCS Wholesale Sales Data, March to May 2026.

CANNARA'S COMPETITIVE ADVANTAGE *(continued)*

Innovation in genetics

Cannara's commitment to innovation through an extensive in-house pheno-hunting program continues to differentiate its product portfolio. Working with award-winning cannabis breeders, the Company continues to uncover high-powered exotic cultivars each year. Cannara screens hundreds of phenotypes from seed to identify high-yielding strains with elevated THC or CBD levels, distinctive terpene profiles, and market-resonating traits.

In Q3 2026, the company's in-house program continued to deliver market-validated cultivars across both high-THC and CBD-rich flower segments. Under Tribal, GT, which was initially introduced at the end of Q2 2026 and launched in Ontario in mid-March, quickly demonstrated the strength of Cannara's pheno-hunting model. Within its first three weeks in market, GT ranked among the top five best-selling 3.5g flower SKUs in Ontario and has maintained a top-10 position in Canada's largest cannabis market in each month since launch[4]. Together with Cuban Linx, GT contributed to Tribal holding two of Ontario's top-10 3.5g flower SKUs in May 2026, reinforcing the depth of Cannara's cultivar library and Tribal's #1 position in the mass-premium 3.5g flower segment[5].

The Company also expanded its CBD-rich genetics platform with the launch of Jean Guy CBD under Orchid CBD, broadening Cannara's cultivar offering across distinct consumer segments, and bolstering the brand's national dominance of CBD-forward inhalable products.

Brand loyalty

Since its launch in 2020, Cannara has successfully built enduring brand equity through its same three flagship brands, Tribal, Nugz and Orchid CBD. In an industry where brand loyalty is notoriously difficult to achieve, Cannara's consistent delivery of high-quality cannabis at accessible prices has fostered strong consumer retention and engagement. The "stickiness" of its products is reflected not only in repeat purchase behaviour but also in the growing popularity of Cannara's branded accessories and apparel. This lifestyle adoption signals a deeper emotional connection to the brands, an achievement few cannabis companies have replicated. As a result, Cannara is uniquely positioned to continue building lasting consumer loyalty while scaling its presence across Canada.

Community engagement and customer service

Cannara's commitment to customer service and community engagement is a key differentiator in the cannabis industry. The Company prioritizes direct, transparent communication with every customer, resolving inquiries quickly and thoughtfully to build trust and long-term loyalty. Cannara also maintains an active presence on Discord (https://discord.gg/cannara), where over 1,800 engaged consumers and retailers provide real-time feedback and share product experiences. This dynamic platform enables two-way dialogue, fuels innovation, and fosters a strong sense of community.

[4] As reported by OCS Wholesale Sales Data, March to May 2026.
[5] As reported by Turff Analytics, Rank & Share - Canada - Flower - Mass Premium 3.5g, July 2026.

MARKET INSIGHTS

Canada's legal cannabis industry has matured into a multi-billion-dollar market, with an estimated $1.43 billion in retail sales for Cannara's Q3 2026 (vs. $1.41 billion in Q3 2025)[6]. As the Canadian cannabis industry enters its next phase of maturity, the opportunity is shifting from rapid market expansion to disciplined execution, brand leadership and market share growth. Cannara is well positioned to help shape this evolution and build a leading licensed producer platform across Canada's largest provincial markets, including Ontario, Alberta, Québec and British Columbia, while continuing to grow in important secondary markets such as Saskatchewan, Manitoba, Nova Scotia and, most recently, Newfoundland.

QUEBEC

The Société québécoise du cannabis (SQDC), Quebec's provincial distributor, generated estimated revenues of approximately $241 million for the three-month period ended May 31, 2026, maintaining Quebec as the third largest cannabis market in Canada for two straight quarters. The SQDC retail network has expanded from 28 stores in Fiscal 2020 to 113 locations as of the date of this MD&A (vs. 110 reported in Q2 2026). Despite this growth, Quebec remains underpenetrated, with approximately one store per 80,000 residents, compared to approximately one store per 10,000 in Ontario and British Columbia.

During Q3 2026, Cannara held its #1 market position in Quebec by retail market share, with an estimated 14.1% of retail sales in its home province. Cannara continued to lead the Québec market in June 2026, with an estimated 12.9% retail market share, demonstrating the strength of its brand portfolio and consumer loyalty in an increasingly competitive market following a wave of new product launches in the summer of 2026[7].

ONTARIO

Ontario remains Canada's largest recreational cannabis market. Retail stores in the province sold approximately $546 million in cannabis products between March 2026 and May 2026. In Q3 2026, the Company reached it's highest estimated retail market share in Ontario, at 3.5%. During the quarter, Cannara had 122 active SKUs in the province, with products available in over 1,700 retail stores, representing approximately 3.3% of total store listings. In June 2026, the Company's estimated market share in the province rose to an all-time of 3.7%[8].

ALBERTA

Alberta is Canada's second-largest cannabis market, and Cannara has delivered steady performance in the province since launching in May 2023. According to Hifyre retail sales data, retail stores in the province sold approximately $245 million in cannabis between March 2026 and May 2026. In Q3 2026, the Company estimates a retail market share of 2.6%. As of June 2026, Cannara earned a record 2.9% estimated retail market share of the estimated $84 million in provincial retail sales that month[9].

BRITISH COLUMBIA

British Columbia is Canada's fourth-largest cannabis market, recently being surpassed by Quebec, with an estimated $235 million in retail cannabis sales. Cannara continues to leverage structural cost advantages supported by Quebec's low electricity rates and competitive labour costs to deliver compelling value in BC's mass-premium segment. In Q3 2026, the Company recorded an estimated 1.7% retail market share in B.C., with share increasing to 2.1% in June 2026, highlighting renewed momentum in the province exiting the quarter.

SASKATCHEWAN

In Q3 2026, Cannara recorded an estimated 0.9% retail market share in the province, with share increasing to 1.0% as of June 2026, reflecting modest sequential momentum exiting the quarter[9].

---

[6] As reported by Hifyre Dataset for the periods of March 2026 to May 2026, March 2025 to May 2025
[7] As reported by Weedcrawler Dataset for the period of March 2026 to May 2026, and June 2026
[8] As reported by Hifyre Dataset for the periods of March 2026 to May 2026, and June 2026.
[9] As reported by Hifyre Dataset for the periods of March 2026 to May 2026 and June 2026.

MARKET INSIGHTS *(continued)*

NOVA SCOTIA

Nova Scotia generated an estimated $39 million in retail cannabis sales from March 2026 to May 2026. Cannara entered the market in March 2024 and has continued to expand its catalogue, with 4 active SKUs now listed across its three brands. In Q3 2026, the Company estimates it held a 0.5% retail market share in Nova Scotia. As of June 2026, Cannara's estimated market share in Nova Scotia was relatively maintained at 0.4%[10].

NEWFOUNDLAND & LABRADOR

Cannara expanded into Newfoundland and Labrador near the end of Q4 FY2025 with the launch of two of Tribal's top-performing live resin vape SKUs. Newfoundland and Labrador generated an estimated $28 million in retail cannabis sales from March 2026 to May 2026. In Q3 2026, the Company estimates it held a 0.1 % retail market share in the province with 4 active SKUs, with share increasing to 0.2% in June 2026[11].

MANITOBA

Manitoba generated an estimated $55 million in retail cannabis sales from March 2026 to May 2026. In Q3 2026, the Company estimates a retail market share of 1.6%. As of June 2026, Cannara's estimated market share in Manitoba was relatively maintained at 1.5%[11].

CANADIAN CANNABIS MARKET TRENDS

Price Compression

Price compression remains a key industry consideration in the Canadian cannabis industry; however, recent market data suggests the rate of compression has moderated and is becoming increasingly category- and format-specific. Statistics Canada data reflects the substantial pricing reset that has occurred since legalization, with the recreational cannabis Consumer Price Index remaining approximately 31% below its December 2018 base period and declining 2.5% year-over-year in May 2026[12]. Provincial board data also points to a more nuanced pricing environment. In Ontario, OCS data shows the average wholesale price per gram for dried flower declined modestly from $3.81 in 2024 to $3.75 in 2025, while larger dried flower formats demonstrated resilience, with 28-gram formats increasing 2% year-over-year to $2.89 per gram and 7-gram formats increasing 1% year-over-year[13]. This was partially offset by continued pressure in pre-rolls and 3.5-gram formats, which declined 4% and 2%, respectively. These trends suggest that while competition remains intense, pricing pressure is increasingly format-specific, and dried flower, particularly larger-format value offerings, is beginning to show signs of stabilization. Despite these headwinds, Cannara delivered strong performance in Q3 2026, generating gross cannabis revenues of $44.1 million, up $6.2 million or 16% from the same period last year.

Current Developments Related to the *Excise Tax Act*.

Given the impacts of price compression, excise tax has grown to become a larger component of net revenue, as it is predominantly computed as a fixed price on grams sold rather than as a percentage of the selling price. Currently, excise tax represents over 30% of the Company's gross cannabis revenues, constituting a significant portion of our costs and cash outflows.

It has been reported that the Standing Committee on Finance has recommended to Canada's Finance Minister that the current excise tax regime be replaced with a 10% ad valorem tax regime. We welcome the possibility of excise tax reform to strengthen the Canadian cannabis industry as a whole. Any changes to Canadian cannabis excise tax policy could have a material impact on the Company's operations. This recommendation remains a subject of discussion at the government level and has not been implemented into law at this moment.

[10] Based on Nova Scotia NSLC sales data for the periods of March 2026 to May 2026 and June 2026.
[11] As reported by Hifyre Dataset for the periods of March 2026 to May 2026 and June 2026.
[12] Statistics Canada, Consumer Price Index, May 2026
[13] Ontario Cannabis Stores (OCS) By the Numbers Annual Data Report 2025.

BUSINESS REVIEW & OUTLOOK

Cannara proactively monitors and evaluates product performance and market growth opportunities in an effort to continue to grow market share, revenue, and uphold its commitment to long-term business growth and stability. The Company allocated resources consistently toward both ongoing and new initiatives, focusing on the following core objectives:

Core Objectives

1. Meet market demand by expanding production capacity and enhancing sales efforts.
2. Expand product portfolio to drive revenue through strong consumer preference and product performance, including the identification and cultivation of new trend-setting flower genetics.
3. Increase national Canadian market share and maintain industry stewardship.
4. Grow positive Adjusted EBITDA and operating cash flow.

1. Meet Market Demand

Since entering the Canadian recreational cannabis market, Cannara has steadily expanded its cultivation footprint to meet growing consumer demand while maintaining a disciplined focus on profitable growth. As of this MD&A, the Valleyfield Facility has 14 of its 24 grow zones online, totaling approximately 350,000 square feet of active canopy.

Cannara's approach to expansion remains measured and margin-focused. While the Valleyfield Facility has only realized 14 of its full 24-zone capacity, the Company's strategy is to scale production gradually, in line with market demand, rather than pursuing rapid volume growth at the expense of profitability. This disciplined approach, coupled with investments in sales and marketing, positions Cannara to strengthen brand recognition and loyalty across its three flagship brands, Tribal, Nugz and Orchid CBD, while protecting margins in an increasingly competitive landscape.

Looking forward, with the Farnham facility now operating at its maximum existing post-processing capacity, Cannara's Fiscal 2026-2027 capital investment strategy will prioritize the build-out of a new processing center at the Valleyfield Facility. This investment is intended to support increased post-processing activities, enable additional grow zone activations and maintain and improve operational efficiency as production volumes continue to scale.

The project remains on track and on budget, with the initial fit-out, including concrete work, walls and partial room activation, expected to be completed by the end of calendar 2026. Full completion is expected by the end of calendar 2027 and is planned to include expanded drying, trimming, storage and freezing capacity sufficient to support all 24 grow zones, as well as an expansion of the Company's butane hash oil (BHO) production capabilities, which is expected to increase related processing capacity by approximately three times.

In parallel, the Company expects to activate four additional grow zones during Fiscal 2027, positioning Cannara to remain agile in scaling both cultivation and post-processing capacity to meet evolving consumer demand across key markets.

2. Expand Product Portfolio

By growing successful product lines and strengthening its position within priority categories, Cannara is effectively capturing market share and reinforcing its leadership through disciplined category management and targeted innovation. Launch highlights of Cannara's product portfolio for Q3 2026 include:

- Tribal Gran Turismo pre-rolls (5 x 0.5g)
- Tribal Gran Turismo Live Resin 510 vape
- Tribal Porto Leche Supernova all-in-one live resin vape
- Tribal Porto Leche ceramic tip pre-roll (1 x 1g)
- Nugz Flavour Bomb Pink Berry Rush infused pre-rolls (5 x 0.5g)
- Nugz Flavour Bomb Blue Berry Rebel infused pre-rolls (5 x 0.5g)
- Nugz Flavour Bomb Pink Berry Rush Liquid Diamond all-in-one vape
- Nugz Flavour Bomb Grape Gonzo Liquid Diamond all-in-one vape
- Nugz Flavour Bomb Atomic Peach Liquid Diamond 510 vape
- Nugz Flavour Bomb Watermelon Wave Liquid Diamond 510 Vape
- Nugz Great Buy Oz dried flower (28g)
- Nugz Jungle Driver Fresh Frozen Hash Rosin

BUSINESS REVIEW & OUTLOOK *(continued)*

2. Expand Product Portfolio (*continued*

- Orchid CBD Jean Guy CBD dried flower (3.5g)
- Orchid CBD Jean Guy CBD pre-rolls (5 x 0.5g)
- Orchid CBD Jean Guy CBD flower sticks (10 x 0.35g)

The Company continually researches new genetics to strengthen its product portfolio. Its rigorous pheno-hunting program selects a few top-performing cultivars from hundreds, focusing on brand fit, potency, yield, and market appeal. The Fiscal 2026 pheno-hunt is ongoing to deliver new exotic genetics for Fiscal 2027 launches.

3. Increase National Market Share

The Canadian cannabis industry continues to evolve rapidly following federal legalization just over seven years ago. Cannara's facilities, brands, and genetic portfolio have established a strong presence in Canada's four largest markets: Ontario, Alberta, Quebec and British Columbia, along with four secondary markets. The table below shows national market share for the most recent quarter compared to the prior quarter. Cannara's performance across provinces highlights its ongoing success and ability to capture market share from competitors.

Q3 2026 vs Q2 2026 Market Share[14]

The table below presents the Company's market share for the most recent completed quarter in comparison to the previous quarter, with QoQ changes expressed in percentage points ("pp"):

Region	Q3 2026	Q2 2026	QoQ variance pp
National	**4.4%**	**4.4%**	**0.0**
Quebec	14.1%	14.3%	-0.2
Ontario	3.5%	3.1%	+0.4
Alberta	2.6%	2.3%	+0.3
British Columbia	1.7%	2.0%	-0.3
Saskatchewan	0.9%	1.2%	-0.3
Manitoba	1.6%	1.9%	-0.3
Nova Scotia	0.5%	0.4%	+0.1
Newfoundland	0.1%	0.1%	0.0

Q3 2026 vs Q3 2025 Market Share[15]

The table below presents the Company's market share for the most recent completed quarter compared to the corresponding quarter in the prior year, with year over year ("YoY") changes expressed in percentage points:

Region	Q3 2026	Q3 2025	YoY Variance pp
National	**4.4%**	**3.9%**	**+0.5**
Quebec	14.1%	12.3%	+1.8
Ontario	3.5%	2.9%	+0.6
Alberta	2.6%	2.6%	0.0
British Columbia	1.7%	1.7%	0.0
Saskatchewan	0.9%	1.5%	-0.6
Manitoba	1.6%	0.8%	+0.8
Nova Scotia	0.5%	0.4%	+0.1
Newfoundland	0.1%	Not in market	NA

[14] As reported by Hifyre data for the periods of December 2025 to February 2026 to March to May 2026 in all listed provinces excluding Quebec where Weed Crawler was deemed more accurate, and Nova Scotia where NSLC wholesale data was deemed to be more accurate.
[15] As reported by Hifyre data for the periods of March to May 2025 to March to May 2026 in all listed provinces excluding Quebec where Weed Crawler was deemed to be more accurate, and Nova Scotia where NSLC wholesale data was deemed to be more accurate.

BUSINESS REVIEW & OUTLOOK *(continued)*

4. Grow Positive Adjusted EBITDA and Operating Cash Flow

Cannara remains focused on consistently delivering positive Adjusted EBITDA and operating cash flow, driven by its strategic emphasis on premium-grade cannabis products offered at disruptive retail pricing. This is made possible by the Company's lean operational model and the cost efficiencies of its two facilities, which benefit from Quebec's low electricity rates and competitive labor costs.

To reinforce its position as a vertically integrated leader in premium cannabis, Cannara has developed a purpose-built manufacturing platform that fuels its award-winning brands and top-performing products—including Canada's #1 infused pre-roll (Nugz G Sherb), Canada's #1 live resin premium vapes both in 510 cartridge and all-in-one formats, and Canada's #1 solventless hash rosin[16]. Cannara's vertical stack includes a high-throughput pre-roll automation centre, a dedicated solventless hash lab, and one of the few operational BHO extraction facilities in Canada. Engineered for efficiency, consistency, and profitability, this platform enables full lifecycle utilization of biomass ensuring that every part of the plant is converted into high-value finished goods across multiple categories.

The Company's agility and disciplined approach to profitability have enabled the development of high-demand SKUs that generate strong gross margins. For the three-month period ended May 31, 2026, Cannara reported Adjusted EBITDA[17] of $8.5 million, compared to $7.6 million in the same period of last year. Operating cash flow was $5.7 million compared to $13.9 million in the same period of last year.

Q3 2026 AND SUBSEQUENT EVENT HIGHLIGHTS

OPERATIONAL

May 2026 – Acquisition of Medican Organic Inc.
On May 6, 2026, Cannara announced the closing of a transaction to acquire all of the shares of Medican Organic Inc., a wholly owned subsidiary of BZAM Ltd., for an aggregate purchase price of $2.8 million. The acquisition completes Cannara's prior acquisition of its Valleyfield cultivation and manufacturing facility, which had been purchased from Medican on June 8, 2021, and was completed following Medican's exit from proceedings under the Companies' Creditors Arrangement Act ("CCAA") involving its parent company. Since the initial transaction in 2021, Medican has continued to refine its operating procedures, cultivation practices and post-harvest know-how, including unique extract manufacturing processes, providing Cannara with incremental operational expertise to support its continued growth.

May 2026 – Leadership Transition
On May 6, 2026, the Company announced the appointment of Nicholas Sosiak as Chief Operating Officer, effective April 23, 2026. Mr. Sosiak, who had served as Chief Financial Officer since 2020, will transition fully into his new operational role while Cannara conducts a search for his successor. The Company has initiated a search for a new Chief Financial Officer, considering both internal and external candidates, and Mr. Sosiak will continue to act as interim CFO throughout the search to ensure a seamless transition of responsibilities.

July 2026 - Exclusive Live Rosin Infusion Technology Agreement
On July 2, 2026, the Company announced that it had entered into an exclusive agreement with Blue River of Florida, LLC ("Blue River") to manufacture, commercialize and distribute products in Canada using Blue River's proprietary Ampersand™ live rosin infusion technology. Under the agreement, Cannara holds exclusive Canadian rights to manufacture and commercialize Ampersand™ infused live rosin ingestible products, leveraging the Company's vertically integrated cultivation, solventless extraction, manufacturing and national distribution capabilities together with Blue River's proprietary formulation technology. The Company expects to launch its first Ampersand™ products under the Nugz brand in 5-gram containers containing 500 mg of THC, subject to applicable regulatory approvals and provincial listing processes. The agreement also provides a framework for future product development and potential international commercialization opportunities.

[16] As reported by Turff Analytics, Rank & Share – Last 12 months, Canada, December 2025.
[17] Adjusted EBITDA is a non-GAAP measure. A reconciliation of adjusted EBITDA from net income is included in the section "Selected Financial Information" of this MD&A.

Q3 2026 AND SUBSEQUENT EVENT HIGHLIGHTS (*continued*)

OPERATIONAL

July 2026 - Long-Term International Supply Agreement with Curaleaf
On July 14, 2026, the Company announced that it had entered into a long-term international supply agreement (the "Agreement") with Curaleaf International Limited ("Curaleaf") for the production and supply of bulk cannabis flower destined for international markets. The Agreement, if fully realized, has a potential aggregate contract value of up to C$21 million over the term of the Agreement, based on committed supply volumes and the terms and conditions of the Agreement.

The Agreement represents Cannara's first long-term supply commitment for international markets and will commence on August 1, 2026, and includes a provision for renewal upon mutual agreement between the parties. In addition, Curaleaf will support Cannara's pursuit of EU-GMP certification of its processing center at the Valleyfield facility.

FINANCING

The Company has access to a revolving credit facility for working capital purposes. Each tranche carries a 30-, 60-, or 90-day term, as determined by management, and can be renewed at maturity. The facility bears a variable interest rate based on either the prime rate or the Canadian Overnight Repo Rate Average ("CORRA"), plus an applicable margin. As of May 31, 2026, the weighted average interest rate was 4.88%. All tranches that came to expiry during Q3 2026 and subsequent to quarter-end were renewed for 30-day terms.

March 2026 – Construction Credit Facility
During Q3 2026, the Company drew $2.0 million under its $10 million credit facility, which was secured to finance the construction of the new post-processing center at the Valleyfield Facility.

CAPITAL TRANSACTIONS

Share options
In Q1 2026, the Company granted 44,600 share options to employees and member of the board of directors at an exercise price of $1.80 per share, vesting in one year and expiring after seven years.

In Q2 2026, Cannara's board approved the cancellation and re-issuance of certain previously granted stock options to address an administrative oversight that resulted in the Company temporarily exceeding issuance limits under its Share Option Plan and RSU Plan. A total of 544,600 share options were cancelled and re-issued with substantially identical terms, including exercise prices, vesting schedules, and expiry dates, resulting in no net increase in outstanding options.

In Q3 2026, the Company granted 10,000 share options to employees and member of the board of directors at an exercise price of $1.87 per share, vesting in one year and expiring after seven years.

Subsequent to quarter-end, the Company granted 40,000 share options to employees at an exercise price of $1.90 per share, vesting over four years and expiring after ten years.

Restricted share units ("RSU")
In Q2 2026, the Company issued 90,000 common shares in settlement of vested RSUs. In addition, performance conditions attached to certain restricted share unit awards were satisfied, resulting in vesting above the original target level. As a result, the Company issued 781,250 common shares in settlement of vested PSUs. The Company also approved the acceleration of vesting for 15,000 RSUs for which common shares were issued upon vesting.

SELECTED FINANCIAL INFORMATION

Selected Financial Highlights	Three-month periods ended May 31, 2026	Three-month periods ended May 31, 2025	Nine-month periods ended May 31, 2026	Nine-month periods ended May 31, 2025
Financial Summary				
Net revenue[1]	$ 31,292,341	$ 27,268,032	$ 88,518,520	$ 78,681,871
Other income	535,662	64,853	602,100	307,585
Total revenues	31,828,003	27,332,885	89,120,620	78,989,456
Gross profit, before fair value adjustments	13,445,396	12,057,743	38,483,826	32,672,116
Gross profit	15,031,628	12,882,763	37,889,204	35,017,236
Operating expenses	7,673,698	6,118,036	24,549,852	18,143,204
Operating income	7,357,930	6,764,727	13,339,352	16,874,032
Net finance expense	485,077	972,377	1,605,680	3,318,384
Income before income taxes	6,872,853	5,792,350	11,733,672	13,555,648
Net income	4,842,637	4,142,169	7,544,834	9,762,573
Adjusted EBITDA[2]	8,462,249	7,600,525	23,316,530	20,684,044
Percentages of Total revenues				
Gross profit, before fair value adjustments as a percentage of Total revenues[3]	42%	44%	43%	41%
Gross profit as a percentage of Total revenues[4]	47%	47%	43%	44%
Operating income as a percentage of Total revenues[5]	23%	25%	15%	21%
Income before income taxes as a percentage of Total revenues[6]	22%	21%	13%	17%
Net income as a percentage of Total revenues[7]	15%	15%	8%	12%
Adjusted EBITDA as a percentage of Total revenues[8]	27%	28%	26%	26%
Earnings per share				
Basic earnings per share	$ 0.05	$ 0.05	$ 0.08	$ 0.11
Diluted earnings per share	$ 0.05	$ 0.04	$ 0.08	$ 0.11

	May 31, 2026	August 31, 2025
Cash	$ 21,808,081	$ 14,360,016
Accounts receivable	18,518,401	14,106,082
Biological assets	6,010,835	6,815,941
Inventory	49,622,232	44,516,056
Working capital[9]	65,115,658	47,959,368
Total assets	194,486,068	168,646,300
Total current liabilities	32,574,412	34,198,830
Total non-current liabilities	36,065,736	32,226,493
Net assets	125,845,920	102,220,977
Free cash flow for the quarter ended[10]	1,276,726	1,361,165

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 MD&A.
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 MD&A.
5 Operating income 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 MD&A.
6 Income 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 MD&A.
7 Net income 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 MD&A.
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 MD&A.
9 Working capital is a non-GAAP financial measure. For more details see the Non-GAAP and Other Financial Measures section of this MD&A.
10 Free cash flow is a non-GAAP financial measure. For more details see the Non-GAAP and Other Financial Measures section of this MD&A.

SELECTED FINANCIAL INFORMATION (*continued*)

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		Nine-month periods ended	
	May 31, 2026	May 31, 2025	May 31, 2026	May 31, 2025
Net income	$ 4,842,637	$ 4,142,169	$ 7,544,834	$ 9,762,573
Adjustments:				
Changes in fair value of inventory sold	6,339,037	6,511,629	19,258,905	19,285,605
Unrealized gain on changes in fair value of biological assets	(7,925,269)	(7,336,649)	(18,664,283)	(21,630,725)
Depreciation, including depreciation in cost of good sold	1,628,901	1,194,959	4,519,222	4,240,409
Write-down of inventory to net realizable value	267,579	204,596	1,135,699	1,035,679
Gain on disposal of right-of-use asset	-	(3,861)	-	(3,861)
Loss on disposal of property, plant and equipment	-	2,352	122,008	3,561
Share-based compensation	794,071	262,772	3,605,627	879,344
Net finance expense	485,077	972,377	1,605,680	3,318,384
Income taxes	2,030,216	1,650,181	4,188,838	3,793,075
Adjusted EBITDA*	$ 8,462,249	$ 7,600,525	$ 23,316,530	$ 20,684,044
Adjusted EBITDA as a percentage of Total revenues **	27%	28%	26%	26%

**Non-GAAP financial measure*
***Non-GAAP financial ratio*

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		Nine-month periods ended	
	May 31, 2026	May 31, 2025	May 31, 2026	May 31, 2025
Cash from operating activities	$ 5,681,413	$ 13,901,855	$ 16,590,702	$ 17,186,288
Adjustment:				
Capital expenditures	4,404,687	2,206,714	12,257,691	4,892,716
Free cash flow*	$ 1,276,726	$ 11,695,141	$ 4,333,011	$ 12,293,572

**Non-GAAP financial measure*

SELECTED FINANCIAL INFORMATION (*continued*)

Q3 2026 vs Q3 2025 Comparable Period Highlights

- Gross cannabis revenues before excise taxes increased to $44.1 million in Q3 2026 from $37.8 million in Q3 2025, a $6.2 million or 16% increase. The increase is attributable to increased market penetration in existing markets and the addition of new genetics and new products in its portfolio increasing overall sales generation;
- Total revenues, net of excise taxes, increased to $31.8 million in Q3 2026 from $27.3 million in Q3 2025, a $4.5 million or 16% increase;
- Gross profit before fair value adjustments rose to $13.4 million in Q3 2026, from $12.1 million in Q3 2025. This growth was driven by expanded production capacity following the activation of the 11^{th} and 12^{th} grow zones in Q3 and Q4 2025.
- Gross profit before fair value adjustments as a percentage of revenue decreased to 42% in Q3 2026 from 44% in Q3 2025. The Company continues to invest in initiatives aimed at improving the efficiency and effectiveness of its cultivation and post-processing activities, with the objective of maximizing cultivation yield and product quality while reducing packaging and transformation costs to remain competitive in the market.;
- Operating income was $7.4 million in Q3 2026, up from $6.8 million in Q3 2025, driven by increased in revenues while maintaining gross margin and controlling operating expenses;
- Income before income taxes was $6.9 million in Q3 2026, up 19% from $5.8 million in Q3 2025;
- Net income was $4.8 million in Q3 2026, compared to $4.1 million in Q3 2025;
- Adjusted EBITDA increased by 11%, from $7.6 million in Q3 2025 to $8.5 million in Q3 2026;
- The Company generated operating cash flow of $5.7 million in Q3 2026, compared to $13.9 million in Q3 2025. Operating cash flow in Q3 2025 was unusually strong due to the timing of cash receipts and payments, which had resulted in negative operating cash flow of $2.6 million in Q1 2025;
- Free cash flow was $1.3 million in Q3 2026, down from $11.7 million in Q3 2025, primarily due to the capital expenditures in the quarter related to the Valleyfield Facility construction project ongoing and timing of cash flows discussed above;
- Generated earnings per share of $0.05 in Q3 2026 compared to $0.05 in Q3 2025.

Q3 2026 YTD vs Q3 2025 YTD Highlights

- Gross cannabis revenues before excise taxes rose to $123.7 million for Q3 2026 YTD, compared to $109.5 million in the same period in 2025, an increase of $14.2 million or 13%. This growth demonstrates the continued success of the Company's commercial and operational initiatives, including deeper market penetration across existing provinces, and the continued enhancement of its product portfolio through the introduction of new genetics and innovative SKUs, all of which contributed to stronger sales performance.;
- Total revenues, net of excise taxes, increased to $89.1 million in Q3 2026 YTD from $79.0 million in Q3 2025 YTD, a $10.1 million or 13% increase;
- Gross profit before fair value adjustments increased to $38.5 million in Q3 2026 YTD from $32.7 million in Q3 2025 YTD, a $5.8 million or 18% increase. This increase is attributable to increase production capacity combined with the efficiencies generated from the scale of the operations and various improvements in operations from cultivation to post-processing;
- Gross profit percentage before fair value adjustments in Q3 2026 YTD was 43%, an increase of 2% compared to 41% in Q3 2025 YTD. The largely stable gross margin demonstrates the resilience and scalability of the Company's operating model, supported by continued operational efficiencies and effective cost management;
- Operating income of $13.3 million in Q3 2026 YTD compared to an operating income of $16.9 million in Q3 2025 YTD, a $3.5 million decrease. The decrease was primarily attributable to higher non-cash share-based compensation expense of $2.7 million, together with increased investments in sales and marketing to support the Company's continued revenue growth and market expansion;
- Income before income taxes was $11.7 million in Q3 2026 YTD compared to $13.6 million in Q3 2025 YTD, primarily reflecting the factors discussed above;
- Net income was $7.5 million in Q3 2026 YTD compared to $9.8 million in Q3 2025 YTD;
- Adjusted EBITDA increased by 13%, from $20.7 million in Q3 2025 YTD to $23.3 million in Q3 2026 YTD;
- The Company generated operating cash flow amounting to $16.6 million in Q3 2026 YTD compared to $17.2 million in Q3 2025 YTD;
- Free cash flow decreased to $4.3 million in Q3 2026 YTD from $12.3 million in Q3 2025 YTD, primarily reflecting increased capital expenditures related to the ongoing construction of the Company's Valleyfield facility;
- Generated earnings per share of $0.08 in Q3 2026 YTD compared to earnings per share of $0.11 in Q3 2025 YTD.

SELECTED FINANCIAL INFORMATION (*continued)*

Q3 2026 vs Q2 2026 Quarter over Quarter Highlights

- Gross cannabis revenues before excise taxes increased by 17%, from $37.8 million in Q2 2026 to $44.1 million in Q3 2026. The increase reflects the seasonal recovery in consumer demand following the post-holiday slowdown experienced in the prior quarter, together with continued growth in both the retail and B2B channels, supported by the Company's expanding product portfolio and ongoing market penetration initiatives;
- Total revenues, net of excise taxes increased by 17%, QoQ, from $27.2 million in Q2 2026 to $31.8 million in Q3 2026;
- Gross profit before fair value adjustments was $13.4 million in Q3 2026, up 16% QoQ, primarily due to higher sales in the quarter;
- Gross profit percentage before fair value adjustments remained stable from 43% in Q2 2026 to 42% in Q3 2026. The Company's ability to maintain a consistently strong gross margin while continuing to scale its operations reflects the benefits of ongoing investments in cultivation, manufacturing efficiencies and product mix optimization;
- Operating income increased to $7.4 million in Q3 2026 from $3.3 million in Q2 2026, reflecting stronger operating performance driven by higher revenues and continued margin generation. The increase was also supported by a higher unrealized fair value adjustment on biological assets following the opening of two additional cultivation rooms during the third quarter of 2026;
- Net income was $4.8 million in Q3 2026 compared to a net income of $1.7 million in Q2 2026;
- Adjusted EBITDA increased by $2.5 million to $8.5 million in Q3 2026, compared to $6.0 million in Q2 2026;
- Cash from operating activities was $5.7 million in Q3 2026, up from $2.9 million in Q2 2026, driven by the net changes in working capital items;
- Free cash flow for Q3 2026 was $1.3 million compared to negative 0.3 million in Q2 2026. The $1.6 million variance reflects the increase in cash flows from operations while supporting the capital expenditures investment in the Valleyfield Facility.

SELECTED SEGMENT RESULTS OF OPERATIONS

The Company operates in two segments: (1) Cannabis operations which encompasses the cultivation, processing and sale of dried cannabis and cannabis derivatives and other cannabis services or accessories ("**Cannabis operations**") and (2) Real estate operations related to the Farnham Facility ("**Real estate operations**").

The chief operating decision-maker assesses performance based on segment operating results, which were defined as segment operating income before share-based compensation, depreciation, net finance expense, gain or loss on disposal of property, plant and equipment or right-of-use assets and income taxes.

Selected Segment Financial Highlights	Three-month period ended May 31, 2026				Three-month period ended May 31, 2025			
	Cannabis operations	Real estate operations	Other	Total	Cannabis operations	Real estate operations	Other	Total
Gross revenue	$ 44,060,695	$ 1,006,860	$ -	$ 45,067,555	$ 37,832,038	$ 965,202	$ -	$ 38,797,240
Excise taxes	(13,775,214)	-	-	(13,775,214)	(11,529,208)	-	-	(11,529,208)
Net Revenue	30,285,481	1,006,860	-	31,292,341	26,302,830	965,202	-	27,268,032
Other income	535,662	-	-	535,662	64,853	-	-	64,853
	30,821,143	1,006,860	-	31,828,003	26,367,683	965,202	-	27,332,885
Gross profit, before fair value adjustments	12,560,805	884,591	-	13,445,396	11,196,113	861,630	-	12,057,743
%[1]	41%	88%	-	42%	42%	89%	-	44%
Gross profit	14,147,037	884,591	-	15,031,628	12,021,133	861,630	-	12,882,763
%[2]	46%	88%	-	47%	46%	89%	-	47%
Operating expenses	6,641,325	-	-	6,641,325	5,633,601	-	-	5,633,601
Segment operating income [3]	7,505,712	884,591	-	8,390,303	6,387,532	861,630	-	7,249,162
%[4]	24%	88%	-	26%	24%	89%	-	27%
Net finance expense	-	-	485,077	485,077	-	-	972,377	972,377
Other	-	-	1,032,373	1,032,373	-	-	484,435	484,435
Segment income (loss) before income taxes	7,505,712	884,591	(1,517,450)	6,872,853	6,387,532	861,630	(1,456,812)	5,792,350

1 Segment gross profit, before fair value adjustments, % is determined as segment gross profit, before fair value adjustments, divided by segment total revenues.
2 Segment gross profit % is determined as segment gross profit divided by segment total revenues.
3 Segment operating income is determined as segment operating income before non-cash and other items which are included in "Other" segment.
4 Segment operating income % is determined as segment operating income divided by segment total revenues.

SELECTED SEGMENT RESULTS OF OPERATIONS *(continued)*

Selected Segment Financial Highlights	Nine-month period ended May 31, 2026				Nine-month period ended May 31, 2025			
	Cannabis operations	Real estate operations	Other	Total	Cannabis operations	Real estate operations	Other	Total
Gross revenue	$ 123,702,146	$ 2,960,086	$ -	$ 126,662,232	$ 109,504,685	$ 2,878,765	$ -	$ 112,383,450
Excise taxes	(38,143,712)	-	-	(38,143,712)	(33,701,579)	-	-	(33,701,579)
Net Revenue	85,558,434	2,960,086	-	88,518,520	75,803,106	2,878,765	-	78,681,871
Other income	602,100	-	-	602,100	307,585	-	-	307,585
	86,160,534	2,960,086	-	89,120,620	76,110,691	2,878,765	-	78,989,456
Gross profit, before fair value adjustments	35,920,629	2,563,197	-	38,483,826	30,085,760	2,586,356	-	32,672,116
%[1]	42%	87%	-	43%	40%	90%	-	41%
Gross profit	35,326,007	2,563,197	-	37,889,204	32,430,880	2,586,356	-	35,017,236
%[2]	41%	87%	-	43%	43%	90%	-	44%
Operating expenses	20,064,190	-	-	20,064,190	16,478,638	-	-	16,478,638
Segment operating income[3]	15,261,817	2,563,197	-	17,825,014	15,952,242	2,586,356	-	18,538,598
%[4]	18%	87%	-	20%	21%	90%	-	23%
Net finance expense	-	-	1,605,680	1,605,680	-	-	3,318,384	3,318,384
Other	-	-	4,485,662	4,485,662	-	-	1,664,566	1,664,566
Segment income (loss) before income taxes	15,261,817	2,563,197	(6,091,342)	11,733,672	15,952,242	2,586,356	(4,982,950)	13,551,787

1 Segment gross profit, before fair value adjustments, % is determined as segment gross profit, before fair value adjustments, divided by segment total revenues.
2 Segment gross profit % is determined as segment gross profit divided by segment total revenues.
3 Segment operating income is determined as segment operating income before non-cash and other items which are included in “Other” segment.
4 Segment operating income % is determined as segment operating income divided by segment total revenues.

SELECTED SEGMENT RESULTS OF OPERATIONS *(continued)*

Cannabis operations

For three and nine-month periods ended May 31, 2026, the segment generated $30.3 million and $85.6 million in cannabis-related and cannabis accessories revenues, net of excise taxes, compared to $26.3 million and $75.8 million for the same periods of the prior year, an increase of $4.0 million or 15% and $9.8 million or 13%. Compared to Q2 2026, the segment increased its net revenues by 16%, from $26.2 million to $30.3 million, reflecting the normalization of consumer demand following the seasonally slower post-holiday period, together with continued growth across both the retail and B2B channels, supported by the Company's expanding product portfolio and ongoing market penetration initiatives.

For three and nine-month periods ended May 31, 2026, the Company incurred $18.3 million and $50.2 million in costs of goods sold, compared to $15.2 million and $46.0 million for the same periods of the prior year. In Q3 2026, cost of goods sold increased by $2.8 million or 18%, compared to Q2 2026.

The segment generated a gross profit before fair value adjustments of $12.6 million or 41% of segment net revenue for Q3 2026 and $35.9 million or 42% of segment net revenue for the three and nine-month periods ended May 31, 2026, compared to $11.2 million or 42% and $30.1 million or 40% of segment total revenue for the same periods of the prior year. Compared to Q2 2026, gross profit before fair value adjustments increased by $1.8 million or 17%.

The change in fair value of inventory sold recognized during the three and nine-month periods ended May 31, 2026 amounted to negative $6.3 million and $19.3 million compared to negative $6.5 million and $19.3 million for the same periods of the prior year. Compared to Q2 2026, the change in fair value of inventory sold varied by $0.5 million.

For three and nine-month periods ended May 31, 2026, the Company recognized an unrealized gain on changes in fair value of biological assets of $7.9 million and $18.7 million on the lots in the cultivation cycle that have not yet been harvested compared to $7.3 million and $21.6 million for the same periods of the prior year. Compared to Q2 2026, the unrealized gain on change in fair value increased by $2.0 million. The increase primarily reflects the larger number of plants in the cultivation cycle following the activation of two additional cultivation rooms during Q3 2026, as well as revisions to the assumptions used in the Company's fair value model to reflect current operating conditions.

The segment generated $14.1 million or 46% and $35.3 million or 41% in gross profit three and nine-month periods ended May 31, 2026 compared to $12.0 million or 46% and $32.4 million or 43% for the same periods of the prior year. Compared to Q2 2026, gross profit increased by $3.3 million. The increase in gross profit was primarily driven by higher sales volumes, while the Company continued to maintain strong gross margins through disciplined cost management and ongoing operational efficiencies.

For three and nine-month periods ended May 31, 2026, the segment incurred $6.6 million and $20.1 million in operating expenses compared to $5.6 million and $16.5 million for the same periods of the prior year resulting in an increase of $1.0 million or 18% and $3.6 million or 22%. The increase was primarily attributable to higher investments in sales and marketing initiatives to support continued revenue growth and market expansion, together with higher general and administrative salary expenses to support the Company's continued growth. Compared to Q2 2026, operating expenses in Q3 2026 decreased by $0.3 million or 4%.

Overall, the segment generated net income of $7.5 million and $15.3 million for the three and nine-month periods ended May 31, 2026, compared to net income of $6.4 million and $16.0 million for the same periods of the prior year.

SELECTED SEGMENT RESULTS OF OPERATIONS *(continued)*

Real estate operations

As part of the Company's capital management strategy, the Company has leased out all unoccupied space in the Farnham Facility. As of May 31, 2026, the Company leased over 65% of the Farnham Facility to two tenants.

For the three and nine-month periods ended May 31, 2026, lease revenues were $1.0 million and $3.0 million, compared with $1.0 million and $2.9 million for the same periods of the prior year. To realize these lease revenues during the three and nine-month periods ended May 31, 2026, the Company incurred $0.1 million and $0.4 million in lease operating costs during their respective period. Lease revenues and related operating costs remained relatively stable compared with both the prior quarter and the corresponding periods of the prior year, reflecting the recurring nature of the Company's leasing activities.

Other

For three and nine-month periods ended May 31, 2026, the segment incurred $0.5 million and $1.6 million in net finance expense, respectively, compared to $1.0 million and $3.3 million for the same periods of the prior year. The year-over-year reduction primarily reflects lower interest expense resulting from reductions in the Bank of Canada's benchmark interest rate, improvement in interest rate spreads due to Company performance, the conversion of the Company's convertible debenture into common shares, which eliminated the related interest charges, and the continued repayment of outstanding debt principal. Compared with Q2 2026, net finance expense remained relatively consistent.

For three and nine-month periods ended May 31, 2026, the segment recorded other expenses of $1.0 million and $4.5 million, respectively, compared to $0.5 million and $1.7 million in the same periods of the prior year. The year-over-year increase was primarily attributable to higher non-cash share-based compensation expense related to equity awards granted in the first quarter of 2026. Compared with Q2 2026, other expenses decreased by $0.5 million, primarily reflecting lower share-based compensation expense as the expense recognized for the equity awards is front-end weighted and declines over the vesting period.

QUARTERLY FINANCIAL POSITION AND RESULTS

The following table sets forth, for the quarter indicated, information relating to the Company's consolidated financial position as well as total revenues, gross profit before fair value adjustments, operating income, net income attributable to Shareholders of the Company, related basic and diluted earnings per share attributable to Shareholders of the Company, adjusted EBITDA and cash provided by operating activities and free cash flow for the eight completed fiscal quarters to date:

	May 31, 2026	February 28, 2026	November 30, 2025	August 31, 2025	May 31, 2025	February 28, 2025	November 30, 2024	August 31, 2024
Current assets	$ 97,690,070	$ 91,129,377	$ 85,036,041	$ 82,158,198	$ 84,002,297	$ 75,210,420	$ 73,245,207	$ 67,473,844
Non-current assets	96,795,998	90,678,894	88,807,315	86,488,102	86,085,058	86,196,888	87,758,733	87,246,129
Total assets	194,486,068	181,808,271	173,843,356	168,646,300	170,087,355	161,407,308	161,003,940	154,719,973
Current liabilities	$ 32,574,412	$ 29,785,487	$ 31,496,002	$ 34,198,830	$ 34,616,948	32,051,900	36,504,270	27,002,000
Non-current liabilities	36,065,736	31,813,572	31,133,208	32,226,493	36,877,001	35,166,943	33,920,914	39,766,484
Total liabilities	68,640,148	61,599,059	62,629,210	66,425,323	71,493,949	67,218,843	70,425,184	66,768,484
Net assets	$ 125,845,920	$ 120,209,212	$ 111,214,146	$ 102,220,977	$ 98,593,406	$ 94,188,465	$ 90,578,756	$ 87,951,489

	May 31, 2026	February 28, 2026	November 30, 2025	August 31, 2025	May 31, 2025	February 28, 2025	November 30, 2024	August 31, 2024
Total revenues	$ 31,828,003	$ 27,179,442	$ 30,113,175	$ 28,327,201	$ 27,332,885	$ 26,586,157	$ 25,070,414	$ 23,438,170
Gross profit before fair value adjustments	13,445,396	11,572,268	13,466,162	11,799,344	12,057,743	10,832,609	9,781,764	7,040,411
%[1]	42%	43%	45%	42%	44%	41%	39%	30%
Gross profit	15,031,628	11,647,857	11,209,719	12,199,748	12,882,763	11,955,588	10,178,885	10,854,593
Operating income	7,357,930	3,279,281	2,702,141	5,321,923	6,764,727	5,877,226	4,232,079	5,045,008
Net income	4,842,637	1,662,648	1,039,549	3,313,620	4,142,169	3,314,541	2,305,863	5,754,439
Basic and diluted earnings per share	$ 0.05	$ 0.02	$ 0.01	$ 0.04	$ 0.05	$ 0.04	$ 0.03	$ 0.06
Adjusted EBITDA[2]	8,462,249	6,037,658	8,816,623	7,447,030	7,600,525	7,086,199	5,997,320	3,688,234
%[3]	27%	22%	29%	26%	28%	27%	24%	16%
Cash provided by operating activities	5,681,413	2,948,216	7,961,073	2,827,138	13,901,855	(2,550,030)	5,834,463	3,186,518
Free cash flow[4]	1,276,726	(286,297)	3,342,582	1,361,165	11,695,141	(4,018,763)	4,617,194	2,693,427

1 Gross profit before fair value adjustments % is determined as Gross profit before fair value adjustments divided by Total revenues.

2 Adjusted EBITDA is a non-GAAP financial performance measure with no standard definition under IFRS. A reconciliation of this amount for the applicable period is presented in the table below.

3 Adjusted EBITDA % is a non-GAAP financial ratio and is determined as Adjusted EBITDA divided by Total revenues.

4 Free cash flow is a non-GAAP financial performance measure with no standard definition under IFRS and is defined as cash flow from operations less capital expenditures.

CASH FLOW ANALYSIS

	Three-month periods ended		Nine-month periods ended	
	May 31, 2026	May 31, 2025	May 31, 2026	May 31, 2025
Cash from operating activities	$ 5,681,413	$ 13,901,855	$ 16,590,702	$ 17,186,288
Cash from (used in) financing activities	1,264,028	(2,413,275)	5,462,351	(4,692,214)
Cash used in investing activities	(7,039,747)	(2,136,336)	(14,604,988)	(4,706,892)

Operating activities

For three and nine-month periods ended May 31, 2026, the Company generated positive operating cash flow of $5.7 million and $16.6 million, respectively, compared to $13.9 million and $17.2 million in the same periods of the prior year. Operating cash flow in Q3 2025 was unusually strong due to the timing of cash receipts and payments, which had resulted in negative operating cash flow of $2.6 million in Q1 2025.

Financing activities

For the three and nine-month periods ended May 31, 2026, cash from financing activities totaled $1.3 million and $5.5 million, respectively, compared to cash used in financing activities of $2.4 million and $4.7 million in the same periods of the prior year. The year-over-year improvement was primarily attributable to the $2 million proceeds from the Company's long-term credit facility and the completion of a $6.3 million non-brokered private placement during the second quarter of 2026. In contrast, financing cash flows in the prior year were more significantly impacted by higher interest payments and the partial repayment of the Company's convertible debenture.

Investing activities

For the three and nine-month periods ended May 31, 2026, cash used in investing activities totaled $7.0 million and $14.6 million, respectively, compared to $2.1 million and $4.7 million in the same periods of the prior year. The increase primarily reflects continued capital investments in the Valleyfield facility expansion project, including the completion and commissioning of additional cultivation rooms and the ongoing construction of the expanded processing center to support increased production capacity.

LIQUIDITY AND CAPITAL RESOURCES

As of the date of this MD&A, the operations were financed primarily through cash generated from the sale of cannabis products, recurrent lease revenues along with funds raised in equity financings secured in previous quarters, debt raised against immoveable assets and government grants to support the Company’s cash flow. The Company’s objective in managing its liquidity and capital resources is to generate sufficient cash to fund its operations and working capital requirements.

The Company had a working capital of $65.1 million as at May 31, 2026 (August 31, 2025 - $48.0 million).

As at May 31, 2026, the Company’s working capital was composed of:

- cash on hand of $21.8 million (August 31, 2025- $14.4 million);
- accounts receivable, biological assets, inventory, prepaid expenses and other assets of $75.8 million (August 31, 2025- $67.8 million);
- accounts payable and accrued liabilities, excise tax payable, sales tax payable, deferred lease revenue and deferred grant income of $22.6 million (August 31, 2025- $20.8 million); and
- credit facilities, and current portion of convertible debenture, long-term debt, long-term credit facility, lease liabilities and term loan of $9.9 million (August 31, 2025- $13.4 million).

LIQUIDITY AND CAPITAL RESOURCES (*continued*)

The Company may continue to have capital requirements more than its currently available resources. In the event the Company's plans or its assumptions change or prove inaccurate, or its capital resources in addition to projected cash flow, if any, prove to be insufficient to fund operations, the Company may be required to seek additional financing. The Company expects that its existing cash resources as at the date of this MD&A along with its forecasted cash flows, undrawn credit facilities and other sources such as proceeds from the disposal of assets held for sale, will be able to fund its planned operating expenses for at least the next twelve months from May 31, 2026.

Reconciliation of working capital

Working capital is a non-IFRS 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 May 31, 2026	As at August 31, 2025
Total current assets	$ 97,690,070	$ 82,158,198
Total current liabilities	32,574,412	34,198,830
Working capital*	$ 65,115,658	$ 47,959,368

**Non-IFRS financial measure*

Financing

Type of loan	Interest Rate	Maturity	Balance as at May 31, 2026	Balance as at August 31, 2025
Revolving credit facility A[(1)]	4.89%	June 30, 2026	$ 6,258,000	$ 6,258,000
Revolving credit facility B[(1)]	4.83%	June 16, 2026	500,000	500,000
Long-term credit facility[(1)]	4.84%	December 31, 2027	2,000,000	-
Term loan [(1)]	4.83%	December 31, 2027	27,471,166	28,029,108

1 The credit facilities terms are 30, 60 or 90 days depending on management's decision and can be renewed at the end of the period. The credit facilities, long-term credit facility and the term loan bear a variable interest rate or CORRA plus an applicable margin based on the credit agreement. The Company has to respect financial covenants including maintaining a certain minimum liquidity coverage, and respecting certain financial ratios, in accordance with its amended and restated credit Facility, a copy of which has been filed on SEDAR+. As at May 31, 2026, the Company met all of the imposed covenants.

LIQUIDITY AND CAPITAL RESOURCES (*continued*)

Other contractual obligations

	Carrying amount	Less than one year	One to five years	Total contractual amount
Accounts payable and accrued liabilities	$ 10,973,144	$ 10,973,144	$ -	$ 10,973,144
Revolving credit facilities	6,758,000	6,758,000	-	6,758,000
Lease liabilities [2]	178,408	166,593	23,260	189,853
Long-term debt	1,012,603	202,521	810,082	1,012,603
Long-term credit facility[1]	1,843,973	200,000	1,800,000	2,000,000
Term loan [1]	27,206,212	2,457,451	25,013,715	27,471,166

1 The contractual obligations relating to the long-term credit facility and the term loan have been presented based on the contractual repayment term which is set to mature on December 31, 2027.

2 The Company is committed to future minimum annual lease payments with respect to a lease for the head office, several car leases and pieces of production equipment. These figures are undiscounted future payments.

OFF-BALANCE SHEET ARRANGEMENTS

At the date of this MD&A, the Company had no material off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the financial performance or financial condition of the Company, other than the items described below.

The Company holds a $5.1 million letter of credit to cover deposit requirements with a provincial supplier, which is expected to gradually decrease as electricity is consumed at the Valleyfield Facility, and a $0.1 million letter of credit as collateral for services with another supplier.

TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties include entities related by virtue of key management personnel and directors exercising significant influence or control over the entities' financial and operating policies. Transactions with related parties are conducted in the normal course of business and on terms equivalent to those that prevail in arm's length transactions. These transactions have been measured at the amounts of consideration agreed between the parties and are settled under standard commercial terms.

Transaction with a related party

For the three and nine-month periods ended May 31, 2026, the Company recognized nil and $54,000 as interest expense on the convertible debenture compared to $212,000 and $708,000 on the convertible debenture and debt financing guarantee fees in the same periods of the prior year. The Company also paid $64,000 and $189,000 in rent; and incurred $23,000 and $278,000 in other expenses and/or capital expenditures three and nine-month periods ended May 31, 2026, compared to $62,000 and $186,000 in rent and $61,000 and $68,000 in other expenses and/or capital expenditures in the same periods of the prior year.

The Company also recognized $142,000 as lease liabilities as at May 31, 2026, regarding a lease arrangement for the head office (August 31, 2025 – $324,000).

These transactions are considered related to the Company as the shareholder of the related party is also a director on the Company's Board of Directors.

Key management personnel compensation

For the three and nine-month periods ended May 31, 2026, salaries and benefits incurred for key management personnel amounted to $300,000 and $900,000 (2025 - $244,000 and $731,000); share-based compensation attributable to key management and directors was $619,000 and $2.9 million (2025 - $196,000 and $759,000) and director fees were $43,750 and $131,250 (2025 - $37,500 and $112,500). As at May 31, 2026, the Company owed $190,000 (August 31, 2025 - $552,000) to key management personnel for accrued salaries and vacation expenses, and $43,750 (August 31, 2025 – $40,000) to members of the board for director's fees.

FINANCIAL INSTRUMENTS RISK MANAGEMENT

The Company is exposed in varying degrees to a variety of financial instruments related to risks. The Board approves and monitors the risk management processes.

Credit risk

Credit risk represents the potential for financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit risk primarily through its cash balances, accounts receivable, prepaid expenses and other deposits.

Cash balances expose the Company to credit risk arising from potential default by the financial institutions that hold its funds or execute currency transactions. This risk is mitigated by placing funds only with large, well-established financial institutions that carry investment-grade credit ratings. All counterparties met these criteria as at May 31, 2026.

The carrying amount of accounts receivable in the consolidated statement of financial position is presented net of an allowance for expected credit losses, which is estimated by management based on the ageing of balances, historical loss experience, and forward-looking information on customer creditworthiness. As at May 31, 2026, none of the receivables were past due, and the allowance for expected credit losses was nominal.

The Company's maximum exposure to credit risk corresponds to the carrying amount of its financial assets recognized on the consolidated statement of financial position.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due or can only do so at an excessive cost. The Company manages this risk by monitoring its compliance with financial covenants and assessing capital requirements on an ongoing basis, as well as by maintaining cash flow forecasts and long-term operating and strategic plans.

As at May 31, 2026, the Company had current assets of $97.7 million and current liabilities of $32.6 million, for a working capital balance of $65.1 million. The Company expects that its existing cash resources of $21.8 million as at May 31, 2026, along with its forecasted cashflows, undrawn credit facilities and term loan, will be able to fund its planned operating expenses for at least the next twelve months from May 31, 2026.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company does not use derivative financial instruments to reduce its interest rate exposure as management does not believe the Company's exposure is significant.

Concentration risk

The Company has a significant concentration of its revenues generated from customers that, if eliminated, would have a significant impact on the Company's operations. During Q3 2026, the Company generated 88% of its cannabis revenues from three provincial distributors, compared to 85% in the same period of the prior year. As at May 31, 2026, these three customers, together, represented approximately $15.0 million or 81% of accounts receivable at quarter-end. These customers are provincial government entities, and accordingly, management considers the related credit risk to be minimal given their high credit quality and consistent payment history.

CRITICAL ACCOUNTING ESTIMATES

Estimates and judgments are continually evaluated and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The preparation of these consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates, judgments, and assumptions. The carrying amounts of assets, liabilities, and other financial obligations, as well as the determination of fair values and reported income and expense in these consolidated financial statements, depend on the use of estimates and judgments. IFRS also requires management to exercise judgment in the process of choosing and applying the Company's accounting policies.

These estimates and judgments are based on the circumstances and estimates at the date of the consolidated financial statements and affect the reported amounts of income and expenses during the reporting period.

Given the uncertainty regarding the determination of these factors, actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Significant items impacted by such estimates and judgments are outlined below.

Disclosure of the Company's critical accounting estimates and assumptions is presented in note 3 of the audited consolidated financial statements for the year ended August 31, 2025.

RISK FACTORS

For a detailed discussion of business risk factors, please refer to 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.

MATERIAL ACCOUNTING POLICIES

The financial information presented in this MD&A has been prepared in accordance with IFRS Accounting Standards. Our material accounting policies are set out in note 3 of the audited consolidated financial statements for the year ended August 31, 2025.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

In accordance with National Instrument 52-109 C*ertification of Disclosure in Issuers' Annual and Interim Filings*, the Company has filed certificates signed by the Chief Executive Officer and the Interim Chief Financial Officer ("Certifying Officers") that, among other things, report on the design of disclosure controls and procedures ("DC&P") and the design of internal control over financial reporting ("ICFR").

SUMMARY OF OUTSTANDING SHARE DATA

Summary of Outstanding Share Data as of July 14, 2026:

Authorized:	Unlimited number of voting and participating common shares without par value.
Issued and outstanding:	98,782,148 common shares
	8,596,039 share options
	207,500 RSUs

MADE WITH LOVE

TSX: LOVE OTCQX: LOVFF FRA: 8CB0