



Cannara Biotech Reports Record Q1 2025 Revenue and National Market Share, Sets Stage for Continued Momentum in 2025

- **Record Revenue:** Net revenues of \$25.1 million in Q1 2025, a 29% increase compared to \$19.5 million in Q1 2024, driven by strong demand for Cannara's premium-grade cannabis products.
- **Record Market Share:** Achieved Canadian market share of 4.1%¹, representing a 28% increase quarter over quarter, and 58% increase over the same period of prior year with gains across all licensed provinces.
- **Robust Profitability:** Gross profit before fair value adjustments grew 23% to \$9.8 million in Q1 2025 from \$7.9 million in Q1 2024, with gross profit margins improving to 39%.
- **Industry Leading Operational Excellence:** Delivered fifteenth consecutive quarter of positive Adjusted EBITDA², generating a Company record of \$6.0 million, in addition to record-high operating cash flow of \$5.8 million, compared to \$0.8 million in Q1 2024, and record free cash flow², of \$4.6 million compared to \$(2.0) million in Q1 2024.
- **Strategic Growth Ahead:** Plans to activate two additional grow zones and launch over 20 innovative new products in 2025, positioning the Company for continued leadership in the Canadian cannabis market.

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

MONTREAL, QUÉBEC – January 27, 2025 – [Cannara Biotech Inc.](#) (“Cannara”, “the Company”, “us” or “we”) (TSXV: LOVE) (OTCQB: LOVFF) (FRA: 8CB0), a vertically integrated producer of premium-grade cannabis and derivative product offerings at affordable prices with two mega facilities based in Québec spanning over 1,650,000 sq. ft., today announced its fiscal first quarter 2025 financial and operating results for the three-month period ended November 30, 2024. The condensed interim consolidated financial statements three-month period ended November 30, 2024, and the accompanying Management's Discussion and Analysis can be accessed by visiting the Company's website at [investors.cannara.ca](#), or by accessing the Company's SEDAR+ profile at [www.sedarplus.ca](#).

"I am pleased to report to our shareholders that our Q1 2025 results delivered the strongest quarter in Company history, producing Company records for market share, revenue, adjusted EBITDA, operating cash flow, and free cash flow showcasing our successful execution of our long-term business strategy and industry leadership," stated Zohar Krivorot, President & Chief Executive Officer of Cannara. "Net revenues grew by 29% to \$25.1 million compared to Q1 2024, marking the highest quarterly revenue in our history. During the quarter, we achieved record market share, increasing our Canadian market share by 28% to 4.1%, with notable gains across all provinces where we are licensed to sell. These results highlight the growing adoption of our premium-grade cannabis products and the strong execution of our sales and marketing strategies."

"As we look ahead to 2025, we are excited to continue building on this momentum with plans to open two new growing zones increasing our capacity by 6,000 kg per year and introduce over 20 products in existing and previously unmet product segments. Our expanding capacity and these product launches position us

¹ As reported by Hifyre data for the periods of June 2024 to August 2024 and September 2024 to November 2024 in all listed provinces excluding Quebec where Weed Crawler and Nova Scotia where NSLC wholesale data was deemed to be more accurate.

² Please refer to the "Non-GAAP Measures and Other Financial Measures" section of this news release for corresponding definitions.

to capitalize on increasing consumer demand for our brands, while further solidifying our leadership in the Canadian cannabis market. We remain committed to driving sustainable revenue growth, scaling our production capabilities, and delivering exceptional value to our customers and stakeholders," concluded Mr. Krivorot.

"Our record-breaking financial performance in Q1 2025 highlights the strength of Cannara Biotech's operational model and our unwavering commitment to disciplined cost management and operational efficiencies while continuing to profitably grow the business," commented Nicholas Sosiak, Chief Financial Officer of Cannara. "Gross profit before fair value adjustments increased by 23% to \$9.8 million in Q1 2025, compared to \$7.9 million in Q1 2024, driven by expanded production capacity, higher yields, and lower production costs. Gross profit margins also rebounded significantly due to improved cannabis yields, reflecting the long-term targets we strive to achieve, increasing from 30% in Q4 2024 to 39% in Q1 2025."

"We delivered our fifteenth consecutive quarter of positive Adjusted EBITDA, totaling a record-high of \$6.0 million, underscoring the scalability and profitability of our operations. Operating cash flow surged to \$5.8 million, up significantly from \$0.8 million in Q1 2024, and we delivered record-high free cash flow of \$4.6 million, up from \$(2.0) million in Q1 2024. This industry leading profitability profile reflects our extremely focused leadership, best-in-class production facilities, and many inherent competitive advantages within our operating platform, and will allow us to further strengthen our financial position." concluded Mr. Sosiak.

Q1 2025 FINANCIAL HIGHLIGHTS

Q1 2025 vs Q1 2024 Comparable Period Highlights

- Gross cannabis revenues increased by 33% to \$34.9 million in Q1 2025, up from \$26.3 million in Q1 2024, driven by deeper market penetration, new market entries, and the addition of new genetics and products.
- Total revenues, net of excise taxes, rose by 29% to \$25.1 million in Q1 2025 compared to \$19.5 million in Q1 2024.
- Gross profit before fair value adjustments grew by 23% to \$9.8 million in Q1 2025 from \$7.9 million in Q1 2024, supported by expanded production capacity, higher yields, and lower production costs.
- Gross profit margin before fair value adjustments was 39% in Q1 2025, slightly down from 41% in Q1 2024.
- Operating income increased to \$4.2 million in Q1 2025 from \$3.4 million in Q1 2024, reflecting higher sales and lower production costs, offset by increased sales and marketing expenses.
- Net income was \$2.3 million in Q1 2025, slightly up from \$2.1 million in Q1 2024, as higher revenues were offset by increased selling and marketing expenses.
- Adjusted EBITDA³ rose by 16%, from \$5.2 million in Q1 2024 to \$6.0 million in Q1 2025.
- Operating cash flow surged to \$5.8 million in Q1 2025 from \$0.8 million in Q1 2024.
- Free cash flow³ improved significantly, increasing by \$6.6 million from negative \$2.0 million in Q1 2024 to \$4.6 million in Q1 2025.
- Earnings per share increased to \$0.03 in Q1 2025 compared to \$0.02 in Q1 2024.

Q1 2025 vs Q4 2024 Quarter over Quarter ("QoQ") Highlights

- Gross cannabis revenues before excise taxes rose by 11% QoQ, from \$31.4 million in Q4 2024 to \$34.9 million in Q1 2025, driven by organic growth in Quebec and other markets, supported by targeted sales and marketing efforts to expand distribution outside Quebec.
- Total revenues, net of excise taxes, increased by 7% QoQ, from \$23.4 million in Q4 2024 to \$25.1 million in Q1 2025.
- Gross profit before fair value adjustments grew by 39% QoQ, from \$7.0 million to \$9.8 million, reflecting

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

increased sales, greater market share penetration, and cost efficiencies achieved through economies of scale.

- Gross profit percentage before fair value adjustments improved significantly, from 30% in Q4 2024 to 39% in Q1 2025, as higher cultivation yields from cannabis harvested in Q1 2025 drove profitability compared to Q4 2024. Investments in cultivation efficiency continue to maximize yield.
- Operating income was \$4.2 million in Q1 2025, compared to \$5.1 million in Q4 2024, with the QoQ decline attributable to a lower unrealized fair value gain (\$0.4 million in Q1 2025 vs. \$3.8 million in Q4 2024).
- Net income decreased by 60%, from \$5.8 million in Q4 2024 to \$2.3 million in Q1 2025, due to a \$3.4 million fair value variance, higher sales and marketing costs, and the recognition of deferred tax assets of \$2.0 million in Q4 2024.
- Adjusted EBITDA⁴ increased by 63% QoQ, from \$3.7 million in Q4 2024 to \$6.0 million in Q1 2025.
- Cash flow from operating activities rose from \$3.2 million in Q4 2024 to \$5.8 million in Q1 2025, reflecting increased sales and improved gross margin (39% in Q1 2025 vs. 30% in Q4 2024).
- Free cash flow⁴ increased by \$1.9 million QoQ, from \$2.7 million in Q4 2024 to \$4.6 million in Q1 2025.

Q1 2025 OPERATIONAL HIGHLIGHTS

OPERATIONAL

During the quarter, the Company continued to focus on execution, building its operations and supply chain to accommodate increases in sales and market share in Canada. The Company achieved its highest market share and revenue in Q1 2025 and expects its momentum to continue throughout 2025 as it continues to execute its sales and marketing strategies. This strong consumer demand provides further evidence of the unmet and uncaptured demand for Cannara's leading brands and reinforces our strategy for further cultivation capacity expansion.

Innovating for Market Leadership

Launch highlights of Cannara's product portfolio for Q1 2025 include:

- Nugz Cured Resin All-in-one Vapes (Lemon Linx Q1 2025; G Sherb Q2 2025 Launch).
- Nugz Shatter concentrates (Early Lemon Berry, Cuban Linx).
- Nugz Stinky Cheese Infused Joints (#1 Quebec Infused Pre-roll Brand).
- Tribal Trifecta Infused Pre-rolls (Flower-matched resin and diamond infused pre-roll, Cuban Linx, Gelato Mint; 2 additional product line extension planned for Q2 2025).

For fiscal year 2025, the Company expects to launch over 20 products in new and existing cannabis segments, including our new all-in-one vape devices under the Tribal and Nugz brands, and new flavors for Tribals' premium infused Trifecta pre-rolls

Expanding Market Share and Strengthening Leadership Across Canada

The Canadian cannabis industry continues its rapid evolution, driven by the relatively recent federal legalization of adult-use cannabis just over six years ago. As a result of Cannara's facilities, brand and genetic portfolio, and its competitive advantages, market response has solidified the Company's presence in Canada's four largest markets, Ontario, Alberta, Quebec and British Columbia and has establish itself in 3 secondary markets. The table below presents the Company's national and provincial market share for the most recent completed quarter, along with a comparison to the previous quarter and same period of prior year. Cannara's recent performance across various provinces highlights its continued successful performance across all markets demonstrating its ability to capture market share from its competitors.

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

Q1 2025 vs Q4 2024 National and Provincial Market Share⁵

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

National Market Share (QoQ)	Q1 2025	Q4 2024	Variance
Cannara Biotech Inc.	4.1%	3.2%	+28.1%

Province	Q1 2025	Q4 2024	Variance
Quebec	12.5%	11.9%	+5.0%
Ontario	2.6%	2.3%	+13.0%
Alberta	2.4%	1.8%	+33.3%
British Columbia	1.5%	1.4%	+7.1%
Saskatchewan	1.7%	1.5%	+13.3%
Manitoba	1.0%	0.8%	+25.0%
Nova Scotia	0.4%	0.1%	+300.0%

Q1 2025 vs Q1 2024 National and Provincial Market Share⁶

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

National Market Share	Q1 2025	Q1 2024	Variance
Cannara Biotech Inc.	4.1%	2.6%	+57.7%

Province	Q1 2025	Q1 2024	Variance
Quebec	12.5%	8.7%	+43.7%
Ontario	2.6%	3.1%	-16.1%
Alberta	2.4%	1.4%	+71.4%
British Columbia	1.5%	0.9%	+66.7%
Saskatchewan	1.7%	0.2%	+750.0%
Manitoba	1.0%	-	-
Nova Scotia	0.4%	-	-

⁵ As reported by Hifyre data for the periods of June 2024 to August 2024 and September 2024 to November 2024 in all listed provinces excluding Quebec where Weed Crawler and Nova Scotia where NSLC wholesale data was deemed to be more accurate.

⁶ As reported by Hifyre data for the periods of September 2023 to November 2023 and September 2024 to November 2024 all listed provinces excluding Quebec where Weed Crawler and Nova Scotia where NSLC wholesale data was deemed to be more accurate.

FINANCING AND CAPITAL TRANSACTIONS

Financing

The Company has a \$10 million revolving credit facility with Bank of Montreal for working capital, with 30-, 60-, or 90-day terms renewable upon maturity. In Q1 2025, the Company extended all tranches for 90 days, drew an additional \$500,000, and used the funds for working capital. As of November 30, 2024, the weighted average interest rate was 7.56%, with a drawn balance of \$6,759,298.

Capital Transactions

During Q1 2025, the Company granted a total of 525,000 stock options at an exercise price of \$1.00, 115,000 stock options at an exercise price of \$1.80 as well as 625,000 PSUs with certain performance conditions and 90,000 RSUs without performance conditions to employees and board members subject to certain vesting conditions in accordance with the Company's employee Share Option plan and Restricted Share Units plan. Subsequent to quarter-end, on January 6th, 2025, the Company issued 625,000 common shares for vested RSUs.

SELECTED FINANCIAL HIGHLIGHTS

Selected Financial Highlights	Three-month periods ended	
	November 30, 2024	November 30, 2023
Financial Summary		
Net revenue ¹	\$ 24,954,810	\$ 19,426,528
Other income	115,604	56,766
Total revenues	25,070,414	19,483,294
Gross profit, before fair value adjustments	9,781,764	7,935,717
Gross profit	10,178,885	8,235,356
Operating expenses	5,946,806	4,796,710
Operating income	4,232,079	3,438,646
Net finance expense	1,198,165	1,331,367
Net income before income taxes	3,033,914	2,107,279
Net income	2,305,863	2,107,279
Adjusted EBITDA ²	5,997,320	5,170,812
Percentages of Total revenues		
Gross profit, before fair value adjustments as a percentage of Total revenues ³	39%	41%
Gross profit as a percentage of Total revenues ⁴	41%	42%
Operating income as a percentage of Total revenues ⁵	17%	18%
Net income before income taxes as a percentage of Total revenues ⁶	12%	11%
Net income as a percentage of Total revenues ⁷	9%	11%
Adjusted EBITDA as a percentage of Total revenues ⁸	24%	27%
Earnings per share		
Basic earning per share	\$ 0.03	\$ 0.02
Diluted earning per share	\$ 0.03	\$ 0.02

	November 30, 2024	August 31, 2024
Cash	\$ 10,261,185	\$ 6,620,387
Accounts receivable	12,934,566	13,036,873
Biological assets	5,585,666	6,649,591
Inventory	36,154,108	33,423,515
Working capital ⁹	36,740,937	40,471,844
Total assets	161,003,940	154,719,973
Total current liabilities	36,504,270	27,002,000
Total non-current liabilities	33,920,914	39,766,484
Net assets	90,578,756	87,951,489
Free cash flow ¹⁰	4,617,194	2,693,427

¹ Gross revenue included revenue from sale of goods, net of excise taxes and lease revenues.

² Adjusted EBITDA is a non-GAAP financial measure.

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

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

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

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

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

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

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

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

NON-GAAP MEASURES AND OTHER FINANCIAL MEASURES

The Company reports its financial results in accordance with International Financial Reporting Standards (“IFRS”). Cannara uses a number of financial measures when assessing its results and measuring overall performance. Some of these financial measures are not calculated in accordance with IFRS. National Instrument 52-112 respecting Non-GAAP and Other Financial Measures Disclosure (“NI 52-112”) prescribes disclosure requirements that apply to the following types of measures used by the Company: (i) non-GAAP financial measures (ii) non-GAAP and other supplementary financial ratios and (iii) total of segments measures. In this news release, the following non-GAAP measures, non-GAAP and other supplementary financial ratios and segment measures are used by the Company: adjusted EBITDA, free cash flow, working capital, segment gross profit before fair value adjustments as a percentage of segment total revenues, segment gross profit as a percentage of segment total revenues, segment operating income as a percentage of segment total revenues, and adjusted EBITDA as a percentage of total revenues. There are no total of segments measures included in this press release. Additional details for these non-GAAP and other financial measures can be found in the section entitled “Non-GAAP and Other Financial Measures” of Cannara’s MD&A for the three-month period ended November 30, 2024, which is posted on Cannara’s website at www.cannara.ca and filed on SEDAR+ at www.sedarplus.ca. Reconciliations of non-GAAP financial measures and non-GAAP ratios to the most directly comparable IFRS measures are provided below. Management believes that these non-GAAP financial measures and non-GAAP ratios provide useful information to investors regarding the Company’s financial condition and results of operations as they provide key metrics of its performance. These measures are not recognized under IFRS, do not have any standardized meanings prescribed under IFRS and may differ from similar computations as reported by other issuers, and accordingly may not be comparable. These measures should not be viewed as a substitute for the related financial information prepared in accordance with IFRS.

Reconciliation of Adjusted EBITDA

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

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

Reconciliation of adjusted EBITDA	Three-month periods ended	
	November 30, 2024	November 30, 2023
Net income	\$ 2,305,863	\$ 2,107,279
Adjustments:		
Changes in fair value of inventory sold	5,918,731	6,224,666
Unrealized gain on changes in fair value of biological assets	(6,315,852)	(6,524,305)
Amortization, including amortization of cost of good sold	1,483,084	1,022,277
Write-down of inventory to net realizable value	356,665	723,577
Loss on disposal of property, plant and equipment	1,209	5,380
Share-based compensation	321,404	280,571
Net finance expense	1,198,165	1,331,367
Income taxes	728,051	-
Adjusted EBITDA*	5,997,320	5,170,812
Adjusted EBITDA as a percentage of Total revenues**	24%	27%

*Non-GAAP financial measure

**Non-GAAP financial ratio

NON-GAAP MEASURES AND OTHER FINANCIAL MEASURES

Reconciliation of free cash flow

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

Reconciliation of free cash flow	Three-month periods ended	
	November 30, 2024	November 30, 2023
Cash from operating activities	\$ 5,834,463	\$ 782,912
Adjustment:		
Capital expenditures	1,217,269	2,773,618
Free cash flow*	4,617,194	(1,990,706)

*Non-GAAP financial measure

Reconciliation of working capital

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

Reconciliation of working capital	As at	
	November 30, 2024	August 31, 2024
Total current assets	\$ 73,245,207	\$ 67,473,844
Total current liabilities	36,504,270	27,002,000
Working capital*	\$ 36,740,937	\$ 40,471,844

*Non-GAAP financial measure

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

ABOUT CANNARA

[Cannara Biotech Inc. \(TSXV: LOVE\)](#) ([OTCQB: LOVFF](#)) ([FRA: 8CB0](#)), is a vertically integrated producer of affordable premium-grade cannabis and cannabis-derivative products for the Canadian markets. Cannara owns two mega facilities based in Québec spanning over 1,650,000 sq. ft., providing the Company with 100,000 kg of potential annualized cultivation output. Leveraging Québec's low electricity costs, Cannara's facilities produce premium-grade cannabis products at an affordable price. For more information, please visit cannara.ca.

CAUTIONARY STATEMENT REGARDING “FORWARD-LOOKING” INFORMATION

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

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

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

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