atrium research

Research Note

Cannara Biotech – Q4 Preview and Hifyre Data Review; Staying Bullish

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Rating	Target Price
BUY	**$3.00**
Unchanged	*Unchanged*

September 28, 2026

Disseminated on Behalf of Cannara Biotech Inc.

All figures in CAD unless otherwise stated

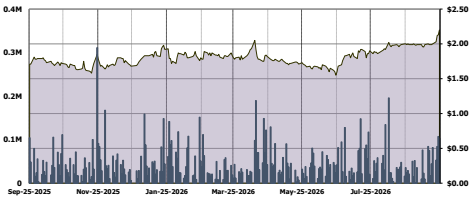
Cannara Biotech Inc.	LOVE:TSX
Rating	BUY
Target Price	$3.00
Return to Target	36%

Market Data	
Share Price	$2.21
Average Daily TSX Volume (K)	58.0
FD ITM Shares (M)	101.8
Market Cap ($M)	$224.9
Cash & Marketable Securities ($M)	$21.8
Debt ($M)	$35.3
Enterprise Value ($M)	$238.4

FYE Aug 31	FY26E	FY27E	FY28E
Revenue ($M)	$122.2	$149.5	$174.2
Gross Margin (%)	43%	43%	44%
Adj. EBITDA ($M)	$31.5	$38.4	$46.0
Adj. EBITDA Margin (%)	26%	26%	26%
Net Income ($M)	$11.8	$22.8	$28.8
EPS (Basic)	$0.12	$0.23	$0.29
FCFF ($M)	$15.7	$5.3	$10.2

Valuation	FY26E	FY27E	FY28E
EV/EBITDA	7.6x	6.2x	5.2x
EV/Sales	2.0x	1.6x	1.4x
P/E	19.1x	9.9x	7.8x
FCF Yield	7%	2%	4%

Please refer to the applicable disclosures on the back page
Source: Atrium Research, CapitalIQ, Company Documents



Cannara 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 1,600,000 SF, providing the Company with 100,000kg of potential annualized cultivation output. Leveraging Québec's low electricity costs, Cannara's facilities produce premium-grade cannabis products at an affordable price.

What you need to know:

- Cannara continues to defend and grow its position amongst LPs throughout geographies and segments, highlighting management execution.
- We see several opportunities for Cannara to further penetrate the market as additional grow rooms activate and new products launch.
- LOVE is expected to report its Q4 and FY26 financials in late November, for which we expect 17% revenue growth and 11% Adj. EBITDA growth.
- The Company announced an NCIB and automatic share purchase plan, potentially contributing to future upside.

Cannara Biotech Inc. (LOVE:TSX, LOVFF:OTCQX, FRA:8CB0) has continued to build on the momentum from its Q3/26 results (read here), with retail sales data showing continued share gains outside Quebec through August. Below, we take a closer look at Hifyre data, highlighting both where Cannara has established its positioning, as well as where meaningful opportunities lie. We also provide a preview for the quarter ahead. **We are maintaining our BUY rating and $3.00/share target price on LOVE.**

Q4 & FY26 Financials Preview

Cannara will be reporting Q4 and FY26 financial results (ending August 31st) towards the end of November. Our estimates can be found below, increased slightly due to the positive data. We have also introduced our quarterly estimates for FY27, refer to Figure 5 and 6.

For Q4, we are expecting:

- Revenue of $33.1M (+17% YoY, $34.4M CapitalIQ consensus)
- Gross margin of 41% (compared to 42% in Q4/25)
- Adjusted EBITDA of $8.2M (25% margin vs. 26% last year, +11% YoY, $8.7M CapitalIQ consensus)
- Net income of $4.2M or $0.04/share (vs. $3.3M or $0.02/share last year)

For FY26, we are expecting:

- Revenue of $122.2M (+14% YoY, $123.3M CapitalIQ consensus)
- Gross Margin of 43% (compared to 41% in FY25)
- Adjusted EBITDA of $31.5M (26% margin, in line with last year, +12% YoY, $31.9M CapitalIQ consensus)
- Net income of $11.8M or $0.12/share (vs. $13.1M or $0.14/share last year)

Intra-Quarter Data Review

Below, we take a closer look at Cannara's retail position via Hifyre data, showing the strides Cannara has been taking in increasing its presence outside of Quebec. Importantly, we also highlight the numerous avenues for Cannara to further penetrate the market within different product lines.

Since January, Cannara has largely been able to increase or maintain its market share throughout the provinces. Overall, Cannara grew or maintained its market share in 5 of 7 provinces. Alberta was the standout, gaining share in each of the eight months, from 2.2% in January to 3.2% in August. Ontario and BC both reached period highs in August at 3.8% and 2.3% respectively. The declines were limited to the smaller Prairie markets of Manitoba and Saskatchewan. In aggregate, Cannara's share of sales outside Quebec rose from 2.5% in January to 2.8% in August. We view these as encouraging signals for the Q4/26 results on the horizon, highlighting strong execution from management.

Month	ON	AB	BC	MB	SK	NS	NL
Jan	3.38%	2.24%	2.02%	2.00%	1.15%	0.44%	0.17%
Feb	3.19%	2.29%	1.89%	1.81%	1.09%	0.47%	0.19%
Mar	3.33%	2.50%	1.76%	1.53%	0.83%	0.47%	0.12%
Apr	3.41%	2.59%	1.63%	1.69%	0.96%	0.47%	0.11%
May	3.41%	2.80%	1.79%	1.57%	0.96%	0.56%	0.18%
Jun	3.72%	2.90%	2.08%	1.52%	0.98%	0.49%	0.18%
Jul	3.66%	2.98%	2.26%	1.23%	0.86%	0.46%	0.13%
Aug	3.78%	3.20%	2.28%	1.15%	0.82%	0.45%	0.27%

Figure 1: Market Share by Province – Excluding QC (Source: Hifyre)

As shown below, Cannara's lowest market shares tend to sit in the largest revenue pools. 28g flower is the single largest format in Canada, with $455.1M in industry sales, yet Cannara holds just 0.7% outside of Quebec and no more than 1.5% in any province shown. Similarly, Cannara holds 4.4% of 1mL vapes ($427.7M category) and 0.0% of both 1.5g pre-rolls ($239.0M) and 2g pre-rolls ($137.4M). Conversely, the Company's strongest positions are in smaller pools. In 1g concentrates ($72.7M), Cannara holds 10.7% outside of Quebec, including double-digit shares in Ontario (11.5%), Alberta (13.7%) and British Columbia (13.7%). Cannara has built mid-to-high single-digit positions across many of the province's formats, including 7.7% of 2.5g pre-rolls, 6.6% of 14g flower, 6.3% of 1mL vapes and 5.3% of 3.5g flower. However, select lines, such as 1.5g and 2g pre-rolls, sit at 0.0%, and 28g flower sits at just 1.4%. We believe this speaks to the large market opportunity available to Cannara, which the Company can pursue as additional grow rooms are activated and new products launch.

Category	Unit Size	ON	AB	BC	MB	SK	NS	NL	Canada	Industry $M (Canada)
Pre-Rolled	1.50g	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	**0.0%**	239.0
Pre-Rolled	2.50g	7.7%	10.5%	3.9%	0.0%	0.0%	1.3%	0.4%	**6.5%**	197.4
Pre-Rolled	2.00g	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	**0.0%**	137.4
Pre-Rolled	3.50g	3.4%	4.3%	0.0%	2.5%	1.2%	0.0%	0.0%	**2.7%**	128.0
Pre-Rolled	1.00g	5.6%	2.5%	8.0%	1.6%	1.9%	0.0%	0.0%	**5.1%**	112.6
Pre-Rolled	5.00g	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	**0.0%**	73.0
Flower	28.00g	1.4%	0.0%	0.0%	1.5%	0.9%	0.0%	0.0%	**0.7%**	455.1
Flower	14.00g	6.6%	5.0%	1.7%	2.2%	0.4%	7.9%	0.0%	**5.0%**	155.3
Flower	7.00g	4.0%	2.5%	1.8%	2.3%	1.0%	0.0%	0.0%	**3.0%**	255.5
Flower	3.50g	5.3%	6.5%	6.0%	4.4%	3.7%	0.5%	1.1%	**5.0%**	243.3
Flower	15.00g	9.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	**0.8%**	27.6
Vapes	1.00mL	6.3%	4.0%	3.7%	2.5%	1.5%	0.0%	0.4%	**4.4%**	427.7
Vapes	0.95mL	2.2%	1.7%	0.0%	0.0%	0.0%	0.0%	0.0%	**1.4%**	152.4
Vapes	1.20mL	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	**0.0%**	72.6
Concentrates	1.00g	11.5%	13.7%	13.7%	4.2%	2.9%	5.2%	1.1%	**10.7%**	72.7
Concentrates	2.00g	9.4%	2.8%	1.0%	22.6%	5.4%	0.0%	0.0%	**6.3%**	62.5
Concentrates	3.00g	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	**2.6%**	8.7
Concentrates	1.20g	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	**0.0%**	17.9
Edibles	10.00mg	0.0%	0.5%	0.0%	0.1%	0.2%	0.0%	0.0%	**0.1%**	90.7
Edibles	100.00mg	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	**0.0%**	64.7
Oils	30.00mL	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	**0.0%**	20.9
Oils	1000.00mg	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	**0.0%**	14.1

Figure 2: Cannara Category Share by Unit Size & Province – Excluding QC (Source: Hifyre)

As seen below, of the 30 largest province and format combinations outside Quebec, Ontario accounts for 17, including all three of the top-ranked segments. Ontario 28g flower leads at $164.8M of opportunity for Cannara, followed by 1mL vapes at $163.7M and 7g flower at $133.3M. As shown, 11 of the 30 segments carry 0.0% share, representing $533.7M of industry sales in which Cannara does not currently participate in any meaningful way, and the aggregate opportunity across the full list is $1,833.4M. 28g flower is the most persistent theme, appearing in each of Canada's three largest non-Quebec markets at ranks #1 (Ontario), #11 (British Columbia) and #13 (Alberta), with Cannara holding 1.4% or less in each. Combined with management's commentary that large-format dried flower is the primary driver behind the fast-tracked capacity plan, we see this as further validation that management has its priorities in order and is focusing resources on the right categories.

Rank	Category	Unit Size	Province	Industry $M	Cannara $M	Cannara Share	Opportunity $M
1	Flower	28.00g	ON	167.1	2.3	1.4%	164.8
2	Vapes	1.00mL	ON	174.6	10.9	6.3%	163.7
3	Flower	7.00g	ON	138.8	5.5	4.0%	133.3
4	Vapes	1.00mL	AB	92.6	3.7	4.0%	88.9
5	Pre-Rolled	1.50g	ON	86.4	0.0	0.0%	86.3
6	Pre-Rolled	2.50g	ON	84.4	6.5	7.7%	77.9
7	Vapes	1.00mL	BC	80.5	3.0	3.7%	77.5
8	Flower	3.50g	ON	81.4	4.3	5.3%	77.1
9	Flower	14.00g	ON	80.6	5.4	6.6%	75.3
10	Pre-Rolled	2.00g	ON	72.7	0.0	0.0%	72.7
11	Flower	28.00g	BC	72.6	0.0	0.0%	72.6
12	Vapes	0.95mL	ON	69.9	1.5	2.2%	68.3
13	Flower	28.00g	AB	65.7	0.0	0.0%	65.7
14	Pre-Rolled	3.50g	ON	63.7	2.1	3.4%	61.6
15	Pre-Rolled	1.50g	BC	50.3	0.0	0.0%	50.3
16	Pre-Rolled	1.50g	AB	48.1	0.0	0.0%	48.1
17	Pre-Rolled	1.00g	ON	50.1	2.8	5.6%	47.3
18	Flower	7.00g	AB	48.1	1.2	2.5%	46.9
19	Pre-Rolled	2.50g	BC	46.1	1.8	3.9%	44.3
20	Edibles	10.00mg	ON	38.4	0.0	0.0%	38.4
21	Vapes	0.95mL	AB	35.1	0.6	1.7%	34.5
22	Pre-Rolled	2.50g	AB	38.3	4.0	10.5%	34.3
23	Flower	7.00g	BC	28.8	0.5	1.8%	28.3
24	Flower	14.00g	AB	27.4	1.4	5.0%	26.0
25	Edibles	100.00mg	ON	25.4	0.0	0.0%	25.4
26	Vapes	1.20mL	ON	25.0	0.0	0.0%	25.0
27	Concentrates	2.00g	ON	27.6	2.6	9.4%	25.0
28	Pre-Rolled	5.00g	ON	24.8	0.0	0.0%	24.8
29	Vapes	1.00mL	SK	25.1	0.4	1.5%	24.7
30	Pre-Rolled	4.00g	ON	24.5	0.0	0.0%	24.5

Figure 3: Whitespace / Runway Target List – Excluding QC (Last 8 Months, Source: Hifyre)

The competitive picture across our "priority whitespace segments" is fragmented as seen in Figure 4 below, with no LP holding more than 20.8% of any of the six. Cannara already ranks in the top six in three of the segments, being 1) 6.3% of 1mL vapes in Ontario, 2) 4.0% of 1mL vapes in Alberta, and 3) 4.3% of infused pre-rolls in Ontario. The Ontario 1mL vapes segment is the closest to leadership, with Cannara's 6.3% share trailing Cronos's 12.6%. In our view, the lack of an established leader in most of these segments highlights that the whitespaces are contestable and do not require the displacement of a dominant brand.

Segment	LP Group	Net $M	Segment $M	Share
Flower 28g — ON	Village Farms Internatior	$28.32	$167.10	16.9%
	Organigram	$21.54	$167.10	12.9%
	Auxly Cannabis Group	$20.35	$167.10	12.2%
	Cronos	$15.39	$167.10	9.2%
	Medical Saints Ltd.	$12.80	$167.10	7.7%
	Tilray	$6.60	$167.10	4.0%
Vapes 1mL — ON	Cronos	$21.97	$174.65	12.6%
	Organigram	$16.92	$174.65	9.7%
	Ayurcann Inc.	$12.78	$174.65	7.3%
	Heritage	$12.12	$174.65	6.9%
	Decibel Cannabis Compa	$11.10	$174.65	6.4%
	Cannara Biotech	**$10.95**	**$174.65**	**6.3%**
Flower 7g — ON	Organigram	$28.34	$138.78	20.4%
	Village Farms Internatior	$14.94	$138.78	10.8%
	Cronos	$9.01	$138.78	6.5%
	Sensi Brands	$8.27	$138.78	6.0%
	Auxly Cannabis Group	$8.23	$138.78	5.9%
	Tilray	$7.60	$138.78	5.5%
Vapes 1mL — AB	Cronos	$15.44	$92.63	16.7%
	Decibel Cannabis Compa	$11.35	$92.63	12.2%
	Organigram	$8.26	$92.63	8.9%
	Ayurcann Inc.	$7.61	$92.63	8.2%
	Auxly Cannabis Group	$5.46	$92.63	5.9%
	Cannara Biotech	**$3.71**	**$92.63**	**4.0%**
Pre-Rolled 1.5g — ON	Decibel Cannabis Compa	$15.09	$86.36	17.5%
	Bzam	$6.00	$86.36	6.9%
	Canopy Growth Corporat	$5.29	$86.36	6.1%
	Organigram	$5.29	$86.36	6.1%
	Cannapiece	$4.52	$86.36	5.2%
	Cronos	$4.03	$86.36	4.7%
Infused Pre-Rolls — ON	Decibel Cannabis Compa	$35.80	$172.47	20.8%
	Bzam	$24.23	$172.47	14.0%
	Canopy Growth Corporat	$20.40	$172.47	11.8%
	Organigram	$16.94	$172.47	9.8%
	Cannara Biotech	**$7.34**	**$172.47**	**4.3%**
	Cannapiece	$6.48	$172.47	3.8%

Figure 4: Share Leaders in Priority Whitespace Segments – Excluding QC (Source: Hifyre)

Corporate Updates

Expanded Credit Facility

On September 10th, Cannara announced it had expanded its financing to an $80M syndicated credit facility with BMO and TD. The restated credit facility provides Cannara with $80M of borrowing capacity, an additional $30M increase from the $50M that was accessible prior to the refinancing. This facility refinances Cannara's existing $40M term loan, increases the Company's revolver from $10M to $40M, and extends both facilities maturity date from the end of 2027 to the end of 2029. The facility provides working capital liquidity and supports continued capital investment at Cannara's Valleyfield facility. The addition of TD alongside Cannara's longstanding relationship with BMO also broadens the Company's banking syndicate and provides further validation of its credit profile.

New CFO Appointed

On September 1st, Cannara appointed Nicholas Fozard, CPA, as Chief Financial Officer, completing the leadership transition first announced back in early May when Nicholas Sosiak moved from CFO to COO. Fozard brings more than a decade of cannabis finance leadership across Canada and the US, including senior finance roles at Organigram Global and iAnthus, along with expertise in public-company reporting, capital markets, M&A, and internal controls. His appointment takes effect upon receipt of the required Health Canada security clearance.

Automatic Share Purchase Plan

On August 13th, LOVE announced that in connection with its previously announced NCIB, it has entered into an automatic share purchase plan (ASPP) with Integral Wealth Securities Limited acting as its designated broker. The ASPP is intended to allow for the purchase of shares under the NCIB during predetermined circumstances under which the Company would ordinarily not be permitted to purchase shares due to regulatory conditions and customary blackout periods.

Normal Course Issuer Bid

On July 22nd, the Company announced the TSX had accepted its notice of intention to proceed with a normal course issuer bid (NCIB). Pursuant to the NCIB, the Company may purchase up to ~2.0M of its common shares (2% of shares issued and outstanding) during the twelve-month period commencing August 4th. Cannara may purchase up to ~10.5k shares on the TSX during any trading day, being ~25% of the average daily trading volume.

Why We Like Cannara

- Cannara is in the top 10 LPs in Canada and the leader in Quebec, growing revenue at a 111% CAGR since 2020. Cannara has achieved this with extremely minimal dilution.
- The Valleyfield facility was purpose-built for $250M and acquired for just $33M, providing 24 independent grow zones with capacity for 100,000kg annually. With a $30M capex plan over three years, LOVE has a clear and low-risk path to full capacity by FY30, generating ~$300M in revenue.
- LOVE benefits from Quebec's lowest electricity rates in Canada and high regulatory barriers limiting competition to just 151 brands vs. 500+ in Ontario.
- Quebec launched vape sales in November 2025, a category representing 15-25% of sales in other provinces, and LOVE immediately captured leading market share.
- Despite superior growth and margins, LOVE trades at a discount to large-cap LPs. A recent comparable transaction in Canopy's acquisition of MTL Cannabis implied 11.6x LTM EBITDA, underscoring meaningful re-rating potential.

Catalysts

- Quarterly Financial Results – Ongoing
- Zone Activations & Capex Updates – FY26 & FY27

Tear Sheet

Market Data	
Ticker	LOVE:TSX
Stock Price	$2.21
Rating	BUY
Target Price	$3.00
Upside	36%
Market Cap ($M)	$224.9
Cash ($M)	$21.8
Debt ($M)	$35.3
EV ($M)	$238.4

Capital Structure	
Basic Shares Outstanding (M)	98.8
RSUs (M)	0.2
Options (M)	8.6
FD Shares (M)	107.5
FD ITM Shares (M)	101.8

Ownership	
Management & Board	26%
Olymbec Investments	24%
Retail & Institutions	50%

Financial Estimates	FY25A	Q1/26A	Q2/26A	Q3/26A	Q4/26E	FY26E	Q1/27E	Q2/27E	Q3/27E	Q4/27E	FY27E	FY28E
Revenue ($M)	**107.3**	**30.1**	**27.2**	**31.8**	**33.1**	**122.2**	**35.8**	**34.6**	**38.0**	**41.1**	**149.5**	**174.2**
% YoY	*31%*	*20%*	*2%*	*16%*	*17%*	*14%*	*19%*	*27%*	*19%*	*24%*	*22%*	*17%*
Gross Profit (Before FVA, $M)	**44.5**	**13.5**	**11.6**	**13.4**	**13.7**	**52.2**	**15.2**	**14.8**	**16.5**	**18.0**	**64.6**	**76.6**
Gross Margin	*41%*	*45%*	*43%*	*42%*	*41%*	*43%*	*42%*	*43%*	*44%*	*44%*	*43%*	*44%*
Adj. EBITDA ($M)	**28.1**	**8.8**	**6.0**	**8.5**	**8.2**	**31.5**	**8.8**	**8.6**	**9.9**	**11.1**	**38.4**	**46.0**
Adj. EBITDA Margin	*26%*	*29%*	*22%*	*27%*	*25%*	*26%*	*24%*	*25%*	*26%*	*27%*	*26%*	*26%*
Net Income ($M)	13.1	1.0	1.7	4.8	4.2	11.8	5.0	4.9	6.0	6.9	22.8	28.8
EPS (Basic)	0.14	0.01	0.02	0.05	0.04	0.12	0.05	0.05	0.06	0.07	0.23	0.29
FCFF ($M)	15.1	3.6	0.1	2.0	9.9	15.7	(0.6)	6.1	(0.8)	0.6	5.3	10.2

Figure 5: Tear Sheet

Estimate Revisions

	Q4/26E		Q1/27E		FY26E		FY27E	
	New	Previous	New	Previous	New	Previous	New	Previous
Revenue ($M)	**$33.1**	$32.7	**$35.8**	N/A	**$122.2**	$121.9	**$149.5**	$149.5
Gross Margin (%)	**41.4%**	41.4%	**42.5%**	N/A	**42.7%**	42.7%	**43.2%**	43.2%
Adj. EBITDA ($M)	**$8.2**	$7.9	**$8.8**	N/A	**$31.5**	$31.2	**$38.4**	$38.3
Net Income ($M)	**$4.2**	$4.0	**$5.0**	N/A	**$11.8**	$11.5	**$22.8**	$22.8

Figure 6: Estimate Revisions

Disclosures

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COVERED COMPANIES
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