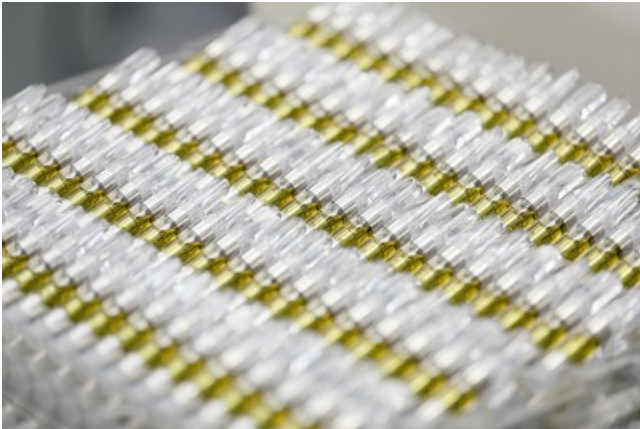


Adastra Holdings Announces Record Sales in August

Sales of nearly \$1.7M in August 2021 set a new monthly record, exceeding the previous monthly record of \$1.5M in May 2021

LANGLEY, BC, Sept. 15, 2021 /CNW/ - Adastra Holdings Ltd. (formerly Phyto Extractions Inc.) (CSE: XTRX) (Frankfurt: D2EP) ("Adastra" or the "Company"), a leader in innovative ethnobotanical and cannabis science products, today announced record preliminary unaudited provincial wholesale sell-through in August 2021 of nearly \$1.7 million. This represents a 27% increase over the prior three-month average and puts year-to-date brand sales for the first eight months of 2021 at approximately \$8.7 million compared to \$6.7 million for all of 2020.



Adastra sales of nearly \$1.7M in August 2021 set a new monthly record, exceeding the previous monthly record of \$1.5M in May 2021. (CNW Group/Adastra Holdings Ltd.)

The wholesale sales for the Phyto Extractions ("Phyto") brand reflected a strong affinity for the Company's products by Canadian consumers and retailers across the country. They were driven by product line extension, new market expansion, and effective consumer marketing.

- **Product line extension:** The Company has introduced several new innovative cannabis products in recent months, with 1 gram Blue Raspberry, 1 gram Green Apple Cartridge, 1 gram Pink Kush Shatter, 1 gram D Bubba Shatter and 1 gram Blue Gorilla OG Shatter being particularly popular. The Shatter launch was particularly successful, with 3,370 cases sold to provinces in the first four months of sales. Additional new products, such as the recently-announced Santa Cruz Haze Shatter Vape Cartridge, have received a product listing from the Ontario Cannabis Store ("OCS") and are expected to be available in November 2021 contribute positively to continued growth.
- **New market expansion:** During the summer months, the Company launched new product listings in the Ontario market, positively contributing to the growth. In addition, in the first week of September, the Company shipped its first purchase order to the Yukon territory, which is expected to contribute to continued growth in the coming months. Overall, the Alberta market continues to be the Company's largest market and one of its strongest.
- **Marketing:** The Company's advertising and grassroots marketing campaigns have raised brand awareness among consumers and retailers and driven market penetration and sell-through from provincial wholesalers. The effort is highlighted by the Canada-wide RV tour dubbed "Shatter Run" to promote the new Shatter product line, which concluded in August after visiting 421

stores across 73 cities in 65 days.

"The Phyto brand is resonating with consumer, retailers, and provincial wholesalers across Canada, which is being reflected in the strong August and year-to-date wholesale sales," said Donald Dinsmore, COO, Adastra Holdings Ltd. "These positive trends are coming as part of our broader strategy to raise brand awareness and aggressively capture market share. Increased penetration in Ontario and new product releases are only in their infancy. We expect that these efforts will continue to drive growth for many more months to come."

About Adastra Holdings Ltd.

Founded in 2014 and formerly known as Phyto Extractions Inc., Adastra is a leading manufacturer and supplier of innovative ethnobotanical and cannabis science products designed for the adult-use and medical markets and forward-looking therapeutic applications. Adastra is renowned throughout Canada for its popular line of Phyto Extractions branded cannabis concentrate products available on shelves at over 1,400 adult-use retailers across the country. The Company also operates Adastra Labs, a 13,500 sq. ft. agricultural-scale Health Canada licensed facility located in Langley, BC., focused on extraction, distillation, and manufacturing of cannabis-derived products. Adastra has now successfully taken the first steps in becoming a licensed cultivator, tester, extractor, and seller of controlled substances, including Psilocybin, Psilocin, MDMA, N, N-Dimethyltryptamine (DMT), 5-MeO-DMT, and LSD by applying for a Controlled Substances Dealer's Licence, which is under review by Health Canada. Pending Health Canada approval, Adastra is poised to be a drug formulation and development leader in this emerging sector. In addition, with the recent acquisition of PerceiveMD, Adastra operates a multidisciplinary centre for medical cannabis and psychedelic therapies, working alongside doctors and healthcare professionals within the regulated environment to help create efficacious remedies that address the actual needs of patients.

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ON BEHALF OF THE BOARD ADASTRA HOLDINGS LTD. (CSE: XTRX)


Forward-Looking Information:

This news release includes forward-looking information within the meaning of Canadian securities legislation, concerning the business of the Company. Forward-looking information is based on certain key expectations and assumptions made by the management of the Company. Although the Company believes that the expectations and assumptions on which such forward-looking information is based are reasonable, undue reliance should not be placed on the forward-looking information because the Company can give no assurance that they will prove to be correct. Forward-looking information in this news release includes statements with respect to the Controlled Drugs and Substances Dealer's License; the changing regulations surrounding certain psychedelics and associated treatments; societal acceptance of psychedelic treatments; the ability of the Company to conduct testing, production, or sales of any compounds beyond cannabis; and the ability of the Company to work with partners such as medical doctors, pharmaceutical companies and pharmacies if it is permitted to conduct extraction research and develop psychedelic compounds. There are numerous risks and uncertainties that could cause actual results and the Company's plans and objectives to differ materially from those expressed in the forward looking information, including: (i) adverse market conditions; (ii) risks inherent in the cannabis extraction sector in general; (iii) changes in regulations surrounding multiple controlled substances; and (iv) other factors beyond the control of the Company. Actual results and future events could differ materially from those anticipated in such information. These and all subsequent written and oral forward-looking information are based on estimates and opinions of management on the dates they are made and are expressly qualified in their entirety by this notice. Except as

required by law, the Company does not intend to update these forward-looking statements.

The Canadian Securities Exchange has not reviewed or approved of any contents of this news release.

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CO: Adastra Holdings Ltd.

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