

# Adastra Enters into Share Purchase Agreement for Acquisition of Phyto Extractions



Phyto Extractions, the best-known brand in Canadian cannabis concentrates, was incorporated in 2019 in the Province of British Columbia and is engaged in the marketing and promotion of cannabis concentrate products in Canada. Learn more at [www.phytoextractions.ca](http://www.phytoextractions.ca) (CNW Group/Adastra Holdings Ltd.)

LANGLEY, BC, Sept. 16, 2021 /CNW/ - Adastra Holdings Ltd. (formerly Phyto Extractions Inc.) (CSE: XTRX) (FRA: D2EP) ("**Adastra**" or the "**Company**") is pleased to announce that it has entered into a share purchase agreement dated September 15, 2021 (the "**Share Purchase Agreement**") pursuant to which the Company has agreed to acquire all the issued and outstanding shares of 1204581 B.C. Ltd., doing business as Phyto Extractions ("**Phyto Extractions**") from the shareholders (each, a "**Vendor**") of Phyto Extractions (the "**Acquisition**").

Phyto Extractions, the best-known brand in Canadian cannabis concentrates, was incorporated in 2019 in the Province of British Columbia and is engaged in the marketing and promotion of cannabis concentrate products in Canada under the *Cannabis Regulations*. Phyto Extractions licenses its intellectual property to Canadian cannabis license holders and collects royalties generated by selling cannabis consumer packaged goods to provincial distributors and retailers across the country. From July 1, 2020, to June 30, 2021, Phyto Extractions branded products generated unaudited royalty payments totaling \$1.82 million. Post-closing, Adastra intends to leverage Phyto Extraction's valuable suite of branded products to drive sales and integration efficiencies. Phyto Extractions is being acquired with minimal long-term debt and positive working capital.

Michael Forbes, Chief Executive Officer of Adastra stated, "We are excited at the prospect of bringing the most prominent legacy brand into Adastra. We believe the proposed acquisition of Phyto Extractions will add tremendous shareholder value. Phyto Extractions currently holds a preeminent place in the regulated cannabis concentrates market owing to unparalleled brand recognition, quality products, market penetration, and exceptional sales team. As licensing agreements expire, Adastra intends to produce all Phyto Extractions products in-house and recognize full revenues resulting from branded sales."

## Terms of the Acquisition

In consideration for the Acquisition, Adastra has agreed to issue 20 million shares to the Vendors at a deemed price of \$0.96 per share for total purchase price of \$19.2 million. Pursuant to the terms

of the Share Purchase Agreement, the Vendors have agreed that the shares will be subject to a voluntary restricted period of four months and one day from the closing date of the Acquisition. The Acquisition is an arm's length transaction and there is no finder's fee payable on closing.

In addition to standard closing conditions, closing of the Acquisition is subject to satisfactory due diligence of Phyto Extractions by the Company and Phyto Extractions having positive working capital as of the closing date.

## **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 1225140 B.C. Ltd., doing business as 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.

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


### **Forward-Looking Information**

*This news release contains 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 terms and conditions of the Acquisition; the closing of the Acquisition; the belief that the Acquisition will add shareholder value; the intention to produce all Phyto Extractions products in-house and recognize full revenues. 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. Important factors that could cause actual results to differ materially from those expressed in the forward-looking information include that the parties may not satisfy the conditions to closing of the Acquisition; inability to produce Phyto Extractions products in-house for any reason; adverse market conditions; and other factors beyond the control of the Company. 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.*

*All financial information regarding Phyto Extractions has been provided by Phyto Extractions and has not been independently verified by the Company as of the date hereof.*

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

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