



Adastra Holdings Provides Product Growth Update and Announces Insider Open-Market Stock Purchases

LANGLEY, BC, Oct. 15, 2021 /CNW/ - Adastra Holdings Ltd. (formerly Phyto Extractions Inc.) (CSE: XTRX) (FRA: D2EP) ("Adastra" or the "Company") today announced positive operational and financial developments as the Company continues to pursue its mission to be a leader in the development and manufacture of pharma-quality, cannabis API and derivative products. These developments include record shipments in September, product portfolio expansion, and continued progress with Health Canada regarding its Controlled Substances Dealers License application.

Record September Shipments

Adastra shipped 68,272 consumer-packaged units and 20,000g of bulk extract in September compared to 41,571 units in September 2020, a 64% increase year over year.

Psychedelics

Adastra received a request for additional information from Health Canada as part of the agency's formal review of the Company's application for a Controlled Drugs and Substances Dealer's License, which was submitted and formally accepted in late August 2021. The Company believes that the request for information is the next step toward attaining approval. In addition, Health Canada advised it commits to a 270 calendar day review period from the date of receipt for processing these applications. As a result, management expects Health Canada to finish reviewing Adastra's application by March 2022.

New Products

Adastra is moving aggressively to expand its Phyto Extraction branded products portfolio to take full advantage of the shift in Canadian consumer preference for derivative hydrocarbon extract products. Planned new products include:

- **THCA Diamonds & Sauce.** Adastra has commenced production of a THCA diamond concentrate that it intends to introduce to the market under the Phyto Extractions brand label in December 2021. Known popularly as the "super concentrate," THCA diamond is a highly potent variety of concentrate that gives users the option to inhale nearly pure THC and is currently the best-selling concentrate product type across Canada based on recent Headset data.
- **White Widow Shatter.** Adastra is introducing a 1g version of White Widow. This balanced hybrid strain is a cross between a Brazilian sativa landrace and a resin-heavy South Indian indica that is expected to be available across Canada in December 2021.
- **Vapes.** Adastra is introducing a 1g Black Cherry Distillate vape cartridge that management believes will capture the market's excitement in new vape products.

Operational Changes

Adastra is hiring to scale up and meet increasing order demand by increasing capacity across two shifts (Mon-Fri) and by adding a weekend shift primarily for packaging. Adastra Labs Inc. is actively hiring staff across two shifts to meet increasing order demand for Phyto Extraction products. In addition, a weekend shift was also added to meet the growing demand for packaged goods.

Insider Open Market Purchases of Adastra Common Stock

The Company's Chief Executive Officer and Chief Operating Officer have recently purchased shares of the Company on the open market, the details of which will be set out in their respective SEDI reports.

Michael Forbes, Chief Executive Officer of Adastra, said, "With the downturn in industry stock prices recently, this was an opportunity to show investors that Adastra management is committed to creating long-term shareholder value. We believe the current share price does not reflect the true value of Adastra and the incredible growth we have coming in the near future."

About Adastra Holdings Ltd.

Founded in 2018 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.

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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 obtaining a Controlled Drugs and Substances Dealer's License from Health Canada, and on the anticipated timeline thereof; statements regarding anticipated new products, the adoption thereof, and the timelines set out herein; and the intention to hire additional shifts to meet consumer demand. 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 the availability of a qualified workforce; changes in regulations or licensing affecting the Company's business; reduced demand for cannabis and cannabis related products; reductions in the Company's retail space and store locations; 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.

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

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