



# Adastra Holdings Reports Record Third Quarter Results

LANGLEY, BC, Dec. 2, 2021 /CNW/ - Adastra Holdings Ltd. (CSE: XTRX) (FRA: D2EP) ("Adastra" or the "Company") has today filed its consolidated financial statements and related management discussion and analysis for the three and nine months ended September 30, 2021, and 2020, both of which are available at [www.sedar.com](http://www.sedar.com).

## **Q3 2021 Highlights**

- Revenue of approximately \$1.8 million compared to approximately \$1.2 million in Q2 2021, representing a 46% sequential increase. On a year-to-date basis, revenue increased \$2.4 million, or 190%, versus last year.
- Distillate production (grams) increased 275 kg, or 190%, year-to-date and 56 kg, or 86%, in Q3 2021 compared to last year.
- Shatter production (grams) increased 124 kg year-to-date and 52 kg in Q3 compared to last year.
- Gross profit of approximately \$934,000 in Q3 2021 nearly doubled from approximately \$546,000 in Q2 2021, with gross margins expanding to 52% from 44% over the same period.
- Net loss and comprehensive loss narrowed to approximately \$208,000 compared to approximately \$510,000 in Q2 2021. This operating loss was driven by professional fees incurred in relation to the two acquisitions completed in the quarter and is expected to narrow further in Q4 2021.
- Net increase in cash of approximately \$62,000 in the first nine months of 2021, despite spending over \$1 million on inventory.
- Refinancing of mortgage facility to provide incremental \$1.0 million of liquidity to the Company.

Michael Forbes, Chief Executive Officer of Adastra, commented, "I am very excited about the future of Adastra and how hard the team has worked in restructuring and reducing costs. We are hitting our stride in Q4, positioning us for rapid growth and positive cash flow in the upcoming quarter. We have a large national sales footprint that we are leveraging into new products, particularly infused pre-rolls, which we believe we can quickly turn newly introduced products into high revenue generators. I am confident that our sales will be brisk and help us achieve \$5 million in monthly sales by the end of 2022."

"Our business is showing strong momentum sequentially from Q2 2021 to Q3 2021," added Forbes. "This is highlighted by an 18% increase in sales to provinces, including 107% growth in Ontario, and the entrance during the quarter into Yukon, our sixth province. In addition, after introducing a new line of shatter vaporizer cartridges over the summer, we have taken this category from no revenue in Q1 to over \$400,000 in Q3 2021, growth we believe is due to our dominant shelf space across Canada."

"Strategically, our focus remains on the following growth areas: medical extraction, premium branded extraction products, flower products, drug formulation, sales force expansion, and global. We are particularly excited about the upcoming launch of infused pre-rolls, one of the fastest growing categories of cannabis products in both Canada and the U.S. As we are doing with shatter, we plan to leverage our shelf space to sell into the provinces, and expect that this category to ultimately be a larger contributor."

"Combined, these efforts and financial results give us optimism as we approach 2022," concluded

Forbes. "We believe we have established a platform for profitable growth, with multiple revenue streams and differentiation in the marketplace. We look to leverage this platform over the coming months to create sustainable value for our customers, partners, and shareholders."


## **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-Meow-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.

## ***Disclaimer for Forward-Looking Information***

*All statements, other than statements of historical fact, included herein are forward-looking statements that are subject to risks and uncertainties. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "believe", "plan", "estimate", "expect", "likely" and "intend" and statements that an event or result "may", "will", "should", "could" or "might" occur or be achieved and other similar expressions. Forward-looking statements in this news release include statements regarding, but not limited to, the anticipated narrowing of operating loss in Q4 2021; how the combination of topline revenue growth via provincial sales and strategic acquisitions when coupled with reducing overhead costs may result in sustainable profitability for the Company; the expected benefits of the Company's plan to leverage its shelf space to sell its infused pre-rolls into the provinces and any expected revenue growth therefrom; and other general statements regarding the Company's platform for profitable growth. Forward-looking statements are subject to business and economic risks and uncertainties and other factors that could cause actual results of operations to differ materially from those contained in the forward-looking statements, including, without limitation, adverse market conditions, and such other factors beyond the control of the Company and which are more fully described in the Company's annual and quarterly management's discussion and analysis and other filings made by the Company with Canadian securities regulatory authorities under the Company's profile at [www.sedar.com](http://www.sedar.com). The novel strain of coronavirus, COVID-19, also poses new risks that are currently indescribable and immeasurable. Forward-looking statements are based on estimates and opinions of management at the date the statements are made. The Company does not undertake any obligation to update forward-looking statements except as required by applicable securities laws. Investors should not place undue reliance on forward-looking statements.*

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