



ADASTRA HOLDINGS REPORTS FY2023 RESULTS; MARKING THIRD CONSECUTIVE YEAR OF RECORD REVENUE

LANGLEY, BC / ACCESSWIRE / April 23, 2024/ Adastra Holdings Ltd. (CSE: XTRX) (FRA: D2EP) (“Adastra” or the “Company”), a leading cannabis processor and producer of two top Canadian concentrates brands, with a focus on product innovation and commercialization for adult-use and medical markets, is pleased to report financial results for the fourth quarter of 2023 (“Q4 2023”) and the year ended December 31, 2023 (“FY2023”). All currency amounts are listed in Canadian dollars.

“During 2023, Adastra experienced significant sales growth of \$37.7 million, representing a 108% increase compared to the same period last year, and marking our third consecutive year of achieving record revenue. The increased demand for our in-house brand, Endgame Extracts, has been a key driver behind this success, evident in our continued success with numerous best-selling SKUs in B.C, Alberta, and Ontario according to Headset. None of this would have been possible without our dedicated team. They have continuously worked hard to increase the production throughput of the Company’s facility in Langley to keep up with the growing demand,” said Lachlan McLeod, Interim CEO of Adastra. *“Looking ahead to 2024, we expect to continue this momentum and have already set new records, including receiving a record single purchase order of \$1 million in March 2024. Moreover, we’re committed to a renewed focus on cost-saving measures aimed at ensuring profitability. As we continue to grow, we aim to further strengthen our financial position and drive sustainable success.”*

Key FY2023 Financial Highlights

- Record gross revenues of \$37.7M for FY2023 compared to \$18.1M for fiscal 2022 (“FY2022”), representing a 108% increase, due to increased demand for the Company’s in-house brand Endgame Extracts (“Endgame”) and increased throughput of the Company’s facility in Langley, BC (the “Langley Facility”).
- Record gross profit of \$7.6M for FY2023, representing a 24% increase compared to 6.1M in FY2022.
- Loss from operations of \$1.8M for FY2023 compared to \$0.8M for FY2022, an increase of 124% from FY2022, due to the Company’s increased spending on marketing initiatives in FY2023 to increase brand awareness of the suite of products under the Endgame Extracts brand.
- Record cash provided by operating activities of \$1.9M in FY2023 compared to \$0.9M in FY2022 as the Company closely managed cash flows during the year.

Key Q4 2023 Financial Highlights

- Gross revenues of \$9.1M in Q4 2023, compared to \$6.8M in the fourth quarter of 2022 (“Q4 2022”), representing an increase of 34%, due to an increase in throughput of the Langley Facility and increased deliveries to provincial distributors.
- Net loss and comprehensive loss of \$1.5M during Q4 2023, compared to \$2.6M during the third quarter of 2023, a decrease of 43% quarter over quarter.

FY2023 Business Highlights

- [Endgame Extracts](#) ranks 2nd, 4th, 7th & 10th of the best-selling concentrates in British Columbia, according to [Headset](#)¹.
- In Alberta, [Endgame Extracts](#) ranks 3rd, 8th & 10th of the best-selling Vapor Pens and 2nd, 5th, 9th & 10th best-selling concentrates according to [Headset](#)².
- In Ontario, [Endgame Extracts](#) ranked the 2nd best-selling Vapor Pen according to [Headset](#)³.

1 Source: [Headset Data](#), April 23, 2024

2 Source: [Headset Data](#), April 23, 2024

3 Source: [Headset Data](#), April 23, 2024

Financial Statements & Management's Discussion and Analysis

This earnings press release should be read in conjunction with Adastra's audited annual financial statements for the three and twelve months ended December 31, 2023 (“**Financial Statements**”), and the related Management's Discussion & Analysis (the “**MD&A**”), which can be found on Adastra's issuer profile on the System for Electronic Document Analysis and Retrieval Plus (“**SEDAR+**”) at www.sedarplus.ca.

About Adastra Holdings Ltd.

Adastra has become one of Canada's leaders in the supply and manufacturing of ethnobotanical and cannabis products for lawful adult-use. It serves medical markets and engages in forward-looking therapeutic applications. With cannabis concentrate products sold through retailers at more than 2,000 locations across Canada, Adastra's Phyto Extractions and Endgame Extracts brands are now well established with a growing distribution presence. As a Health Canada licensed facility, the Langley Facility specializes in extraction, distillation and manufacturing of a range of cannabis-derived products. Adastra partners with healthcare professionals and practitioners within the regulated environment to create products suitable for the medical cannabis market, with the ultimate aim of addressing the needs of patients. For more information, visit: www.adastraholdings.ca.

On behalf of the Board of Directors,
Lachlan McLeod, Interim CEO, CFO & Corporate Secretary

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Cautionary Statement Regarding Forward-Looking Information

This news release includes certain “forward-looking information” as defined under applicable Canadian securities legislation, including statements regarding the plans, intentions, beliefs and current expectations of the Company with respect to future business activities and operating performance. Forward-looking information is often identified by the words “may”, “would”, “could”, “should”, “will”, “intend”, “plan”, “anticipate”, “believe”, “estimate”, “expect” or similar expressions and includes information regarding: the expected continued growth of Adastra in 2024; and the Company’s ability to implement cost saving measures to achieve profitability; the availability of the Financial Statements and the MD&A on the Company’s SEDAR+ profile; and the Company’s ability to address the needs of patients through its products in the medical cannabis market.

Investors are cautioned that forward-looking information is not based on historical fact but instead reflects management’s expectations, estimates or projections concerning future results or events based on the opinions, assumptions and estimates of management considered reasonable at the date the statements are made. Although the Company believes that the expectations reflected in such forward-looking information are reasonable, such information involves risks and uncertainties, and undue reliance should not be placed on such information, as unknown or unpredictable factors could have material adverse effects on future results, performance or achievements of the Company. Among the key factors that could cause actual results to differ materially from those projected in the forward-looking information are the following: the availability of a qualified workforce; regulatory and licensing risks; changes in consumer demand and preferences; changes in general economic, business and political conditions, including changes in the financial markets; reductions in the Company’s retail space and store locations; the global regulatory landscape and enforcement related to cannabis, including political risks and risks relating to regulatory change; compliance with extensive government regulation; public opinion and perception of the cannabis industry; and the risk factors set out in the MD&A which is available on the Company’s profile on SEDAR+ at www.sedarplus.ca.

SOURCE: Adastra Holdings Ltd.