



## **Adastra Holdings Reports Third Quarter Results; Demonstrating Third Consecutive Quarter of Record Revenue**

- *Record gross revenues of \$9.14M YTD 2022, representing 151% growth compared to YTD 2021*
- *Q3 2022 gross revenues of \$3.80M, representing an increase of 25% over last quarter (Q2 2022)*

**LANGLEY, BC, December 1, 2022** – Adastra Holdings Ltd. (**CSE: XTRX**) (**FRA: D2EP**) (“Adastra” or the “Company”), a leading cannabis company and producer of two top Canadian concentrates brands, with a focus on processing, adult-use and medical sales, organoleptic testing and analytical testing, is pleased to report financial results for the three and nine months ended September 30, 2022.

“I am beyond proud of the team’s innovative mindset and hard work, as Adastra continues to build on the transformational strategy set out earlier this year,” said Michael Forbes, Chief Executive Officer of Adastra. “Q3 2022 included the receipt of two important licenses from Health Canada, enabling Adastra to possess and formulate with the controlled substance psilocybin and sell medically-formulated cannabis products. We expect this will add additional revenue streams to the business, further bolstering our income statement and maintaining long-term value for our shareholders.”

### **Key Q3 2022 Financial Highlights**

- Gross revenues of \$9.14M for YTD 2022 compared to \$3.64M for YTD 2021, representing a 110% increase.
- Gross revenues of \$3.80M in Q3 2022, compared to \$1.81M in Q3 2021, and \$3.05M for Q2 2022 representing a YoY increase of 110% and QoQ rise of 25%, demonstrating significant demand for Adastra’s cannabis concentrate brands and products.
- Gross profit of \$1.63M in Q3 2022, compared to \$0.82M in Q3 2021 and \$1.09M for 2022, representing a YoY increase of 100% and QoQ rise of 50%.
- Total operating expenses for Q3 2022 increased to \$2.06M compared to \$0.93M for Q3 2021, primarily due to continued emphasis on product and brand launches, and marketing initiatives for in-house brands Phyto Extractions and Endgame last quarter.

- Higher non-cash depreciation expense was a factor from the Phyto Extractions and PerceiveMD acquisitions.
- Continued development of the commercialization and sales team, broadening the sales footprint, and the cost of engaging professional counterparties contributed to the increase in costs.
- Indicative of the firm's low leverage credentials, interest expenses underwent a sequential YoY decline of 42% and QoQ slide of 11% in an environment of monetary tightening.

### **Key Q3 2022 and Future Looking Corporate and Business Highlights**

- Adastra's in-house brands, Endgame and Phyto Extractions concentrate products currently rank as the top 2, 3, 8, 9 & 10 best-sellers in BC as per [Headset Data](#).
- Received [Controlled Substances Dealer's License](#) on August 24, 2022, enabling Adastra to possess and formulate products containing psilocybin.
- Received [medical sales license approval](#) from Health Canada in August 2022, enabling Adastra to distribute patient-formulated cannabis products to the medical market.
- Automated pre-roll equipment for infused pre-roll production was installed and operational in September 2022.

### **Financial Statements & Management's Discussion and Analysis**

This earnings press release should be read in conjunction with Adastra's interim financial statements for the three and nine months ended September 30, 2022, which can be found on Adastra's issuer profile on SEDAR at [www.sedar.com](http://www.sedar.com).

### **About Adastra Holdings Ltd.**

Adastra is a leading manufacturer and supplier of innovative ethnobotanical and cannabis science products designed for the adult-use, medical markets and forward-looking therapeutic applications. Adastra is recognized as a high-capacity processor and co-manufacturer throughout Canada. Adastra is well-known for its 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, British Columbia, focused on extraction, distillation, and manufacturing of cannabis-derived products. Adastra is a licensed processor, tester, extractor, and seller of controlled substances, including Psilocybin and Psilocin under its Controlled Substances Dealer's License. For more information, visit: [www.adastraholdings.ca](http://www.adastraholdings.ca).

### **Contacts**

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### **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 regarding, but not limited to the belief that the Company's additional licenses will add additional revenue streams to the business, further bolstering the Company's income statement and maintain long-term value for Company shareholders. 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; changes in consumer brand preferences; 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.*