



ADASTRA HOLDINGS PROVIDES CORPORATE UPDATE FOLLOWING 2023 GROWUP AWARDS VICTORY AS “BRAND OF THE YEAR”

LANGLEY, BC / ACCESSWIRE / October 11, 2023 / 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 provide the following corporate update, highlighting the achievements accomplished thus far in 2023 and outlining the various initiatives planned for the remainder of the year.

AGM Completion

The Company’s Annual General Meeting (the “AGM”) was held in Vancouver, B.C. on September 14, 2023. Shareholders of the Company voted in favour of all matters of business presented at the AGM, including:

- Appointing Davidson & Company LLP, Chartered Professional Accountant as the auditors of the Company for the ensuing year at a remuneration to be fixed by the Company’s board of directors (the “Board”);
- Setting the number of directors at three, and re-electing Michael Forbes, Paul Morgan, and John Smoke Wallin to the Board;
- Approving and confirming an amendment to the quorum resolution under the Company’s Articles; and
- Approving and confirming the adoption of the Company’s Omnibus Equity Incentive Plan (the “Plan”) and the granting of equity awards thereunder.

The Plan provides that the aggregate maximum number of common shares of the Company (“Common Shares”) that may be issued upon the exercise or settlement of awards granted under the Plan shall not exceed 20% of the issued and outstanding Common Shares from time to time. A copy of the Plan and further details are included in the Company’s management information circular regarding the AGM dated August 14, 2023, and available on SEDAR at www.sedarplus.com.

Marketing Initiatives

Adastra executed a national-scale summer event campaign, called as “SESH PARK”, which played a pivotal role in solidifying the recognition of its brands in the Canadian market. SESH PARK, a wholly-owned asset of the company, aimed to elevate the standard of cannabis marketing and provided attendees with an experience synonymous with the brands within Adastra’s portfolio.

Designed with summer event attendees in mind, the immersive environment featured The Endgame Blacktop, a mobile half-court basketball installation, as well as Phyto Mountain, a 12-foot tall sculpture outfitted with a waterfall and misting capability. Alongside its main attractions, the space featured musical

acts, live art installations and comfortable seating and shade areas, allowing attendees to immerse themselves in Adastra's brands.

Purpose-built for scalability, SESH PARK took many forms over the summer at numerous properties across Canada. From large-scale industry events to local venues in key cities, SESH PARK provided a consistent, engaging and unique way for Endgame and Phyto to interact with consumers and trade partners across Canada.

The unveiling of SESH PARK marks a significant milestone for Adastra, showcasing the Company's dedication to pushing the boundaries and creating ground-breaking experiences that resonate with modern audiences.

The 2023 tour schedule included the following:

- Tokyo Smoke 4/20 Event (Toronto)
- Smokebreak at the Sesh Park (Toronto)
- KIND Summer Fair (Toronto)
- The Cup (Vancouver)
- Chasing Summer Music Festival (Calgary)
- Great Outdoor Comedy Festival (Calgary)
- Elevate Cannabis Industry Expo (Toronto)
- Smokebreak Ossington Block Party (Toronto)

Inventory Management System

Effective September 30, 2023, Adastra has initiated the implementation of a new inventory management system. The new system will allow Adastra to have improved optics on inventory forecasting and the traceability of inputs of production. These changes are expected to allow Adastra to improve the utilisation of warehouse space, the accuracy of inventory costing, and the forecasting of manufacturing. The Company expects the inventory management system will be fully implemented by December 31, 2023.

Upcoming Industry Events

The Canexec 2023 Global Cannabis Executive Summit ("**CanExec Summit**") will take place on Monday, October 30 and 31, 2023 in Toronto, Ontario. Michael Forbes, CEO of Adastra, will be a featured speaker alongside other esteemed cannabis industry professionals. CanExec Summit is an exclusive "By Invite Only" event for executives from some of the leading cannabis producers.

GrowUp Awards

At the 2023 GrowUp Awards ceremony held on October 1, 2023, Adastra emerged as a standout winner, securing victory in both of its nominated categories. The Company received the Brand of the Year award for its brand, Endgame Extracts, and the Extraction Specialist of the Year award for the contributions of Creed Taylor to the Endgame Extracts brand. These awards underscore the Company's commitment to innovation and recognize the commitment and contributions of its team.

"This year, we've dedicated our efforts to a range of marketing initiatives aimed at increasing brand awareness and recognition for our premium products throughout Canada. We're delighted to report our

accomplishments, particularly with our project, SESH PARK, which has delivered an experience aligned with Adastra's brand portfolio to all attendees,” said Michael Forbes, CEO of Adastra. “Looking ahead to the remainder of the year, our focus is centred on strengthening our inventory forecasting accuracy and ensuring greater traceability of production inputs. Both of these goals will be made possible by the cutting-edge inventory management system we implemented last month. Furthermore, our commitment to continuous improvement extends beyond efficient inventory management and cost-effective production that enhances customer savings. We are actively engaged in the development of innovative SKUs, diversifying our product range to meet the ever-evolving preferences of our customers.”

About Adastra Holdings Ltd.

Adastra has become one of Canada's leaders in the supply and manufacturing of ethnobotanical and cannabis products for 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 solid distribution presence. As a Health Canada licensed facility, the Company 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.

Contacts

Michael Forbes, CEO, Corporate Secretary & Director
(778) 715-5011
michael@adastraholdings.ca

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 not based on historical fact but instead reflects management's expectations and assumptions 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 and assumptions on which such forward-looking information is based are reasonable, such information involves risks and uncertainties, and undue reliance should not be placed on the forward-looking information because the Company can give no assurance that such forward-looking information will prove to be correct. Forward-looking information in this news release includes 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 various initiatives the Company has planned for the remainder of 2023; the Company's dedication to pushing the boundaries and creating ground-breaking experiences that resonate with modern audiences; the implementation of the Company's new inventory management system, including expected timing for completion; the Company's expectations regarding improvements to the utilisation of warehouse space, the accuracy of inventory costing, and the forecasting of manufacturing;

Michael Forbes' attendance at the upcoming CanExec Summit; the Company's commitment to innovation; the Company's focus on strengthening its inventory forecasting accuracy and ensuring greater traceability of production inputs; the Company's commitment to continuous improvements in efficient inventory management and cost-effective production that enhances customer savings; the development of innovative SKU's; the diversification of the Company's product range; and expectations for other economic, business, and/or competitive factors.

Forward-looking information is necessarily based upon a number of estimates and assumptions that, while considered reasonable, are subject to known and unknown risks, uncertainties, and other factors 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, but are not limited to: delays in the implementation of the Company's new inventory management system; reduced demand for cannabis and cannabis related products; reductions in the Company's retail space and store locations; changes in consumer brand preferences; inherent uncertainty associated with projections; diversion of management time on transaction related issues; expectations regarding future growth and expansion; regulatory and licensing risks; changes in consumer demand and preferences; changes in general economic, business and political conditions, including changes in the financial markets and inflation-related risks; 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 other factors beyond the control of the Company. Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking information prove incorrect, actual results may vary materially from those described herein as intended, planned, anticipated, believed, estimated or expected. Although the Company has attempted to identify important risks, uncertainties and factors that could cause actual results to differ materially, there may be others that cause results not to be as anticipated, estimated or intended. Accordingly, readers should not place undue reliance on forward-looking information, which speak only as of the date of this news release. The Company disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by law.