



Phyto Extractions Submits Application for Dried Cannabis Flower Sales Licence



Langley, BC / Accesswire / August 19, 2021 – Phyto Extractions Inc. (formerly, Adastra Labs Holdings Ltd.) (CSE: XTRX) (Frankfurt: D2EP) (“**Phyto Extractions™**”, “**Phyto**” or the “**Company**”) is a holder of a federal licence to process and sell cannabis extract products, edibles, and topicals under the Cannabis Act. The Company is pleased to announce that it has submitted a licence amendment to Health Canada that, if approved, will enable Phyto to sell dried cannabis flower to provincially authorized distributors and retailers and registered medical patients.

The licence amendment would allow Phyto’s wholly owned Health Canada licenced subsidiary, Adastra Labs Inc. (“**Adastra**”), to leverage its agricultural product fulfillment capabilities to package, produce and sell dried flower based products across Canada, which would open the pathway to higher profit margins by eliminating the necessity to sell to other licence holders.

Michael Forbes, CEO and a director of Phyto, states, “The ability to sell dried cannabis products directly to provincial distributors and retailers represents a major milestone in the development of Phyto’s growth-oriented business plan. Direct sales will increase margins and provide critical access to retail space as flower and pre-rolls represent the largest cannabis market segments in Canada while bringing more eyes to our brands.”



Dried Cannabis products are in high demand from provincial distributors and medical clients. Sales continue to dominate the legal Canadian recreational market, accounting for roughly three quarters of all sales and totaling over \$2 billion in 2020.¹

“We intend to leverage Phyto’s brand awareness and sales momentum in the concentrates space to commercialize dried cannabis products under the brand to drive topline revenue with these high gross margin products,” said Donald Dinsmore, COO, Corporate Secretary and a director of Phyto.

About Phyto Extractions™ and Adastra Labs Inc.

Founded in 2014, Phyto Extractions™ built a successful reputation as a household name in cannabis concentrates among consumers and retailers alike. Adastra Labs Inc. was founded in 2018 and is an agricultural-scale cannabis extraction, distillation, and product manufacturer, located in Langley, BC. Operating out of its 13,000 sq. ft. Health Canada Licensed Standard Processing facility, now named Phyto Extractions Inc., the Company produces and distributes cannabis-derived products, designed for medical cannabis and forward-looking therapeutic use. As a leading supplier, Phyto Extractions™ currently distributes its product-line to 1400+ adult-use retailers and a web-based medical platform, CannMart Inc., across the country seeking to provide consistent, quality concentrate products and alternative treatment options to patients.

To learn more about the Phyto Extractions™ team, please watch the following video:

<https://youtu.be/mtC9QicyeuI>

Connect with Phyto: [Email](#) | [Website](#) | [Instagram](#)

ON BEHALF OF THE BOARD

PHYTO EXTRACTIONS INC. (CSE: XTRX)

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Forward-Looking Information:

This news release includes 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

¹ <https://www.newcannabisventures.com/canadian-cannabis-sales-increased-68-in-may-to-313-million/>
<https://www.bnnbloomberg.ca/cannabis-canada-weekly-canadians-bought-2b-of-dried-flower-last-year-1.1591442>



can give no assurance that they will prove to be correct. Forward-looking information in this news release includes statements with respect to: (i) the approval of the licence amendment by Health Canada; (ii) Adastra leveraging its agricultural product fulfillment capabilities to sell dried flower based products directly to provincial distributors and retailers across Canada; (iii) direct sales of products to distributors and retailers resulting in higher profit margins for Phyto; and (iv) Phyto leveraging its brand in the concentrates space to commercialize dried cannabis products to increase topline revenues. 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, including: (i) adverse market conditions; (ii) risks inherent in the cannabis extraction sector in general; and (iii) other factors beyond the control of the Company. Actual results and future events could differ materially from those anticipated in such information. 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 of any contents of this news release.