FORM 51-102F3
MATERIAL CHANGE REPORT

1. NAME AND ADDRESS OF COMPANY

Adastra Holdings Ltd.
5451 275 Street
Langley, British Columbia, V4W 3X8

2. DATE OF MATERIAL CHANGE

October 10, 2025

3. NEWS RELEASE

News release dated October 8, 2025 was disseminated via Newsfile Corp.

4. SUMMARY OF MATERIAL CHANGE

Adastra Holdings enters into agreement to sell subsidiary, which has simultaneously agreed to sell its two subsidiaries, for aggregate consideration of $4,000,000 for all transactions.

5. FULL DESCRIPTION OF MATERIAL CHANGE

Adastra Holdings Ltd. (the "Company") (CSE: XTRX) (FSE: D2EP) announces that it has entered into agreements to sell all of the issued and outstanding shares of its wholly-owned subsidiary, Adastra Labs Holdings (2019) Ltd. ("Adastra Labs") to 1538634 B.C. Ltd. (the "Purchaser"), a private arm's length British Columbia company. Concurrently, Adastra Labs entered into agreements to sell all of the issued and outstanding shares of its subsidiaries, Adastra Brands Inc. ("Adastra Brands") and 1178562 B.C. Ltd. ("1178562"), to the Purchaser. The aggregate consideration for all transactions is $4,000,000, including $495,000 for the sale of Adastra Labs, $3,500,000 for the sale of 1178562, and $5,000 for the sale of Adastra Brands.

In connection with the share purchase agreements, 1178562 and the Company's wholly owned subsidiary, Adastra Labs Inc., agreed to enter into a lease agreement and, additionally, Adastra Brands and the Company agreed to enter to into an intellectual property licensing agreement.

6. RELIANCE ON SUBSECTION 7.1(2) OF NATIONAL INSTRUMENT 51-102

Not applicable.

7. OMITTED INFORMATION

Not applicable.

8. EXECUTIVE OFFICER

Jonathan Edwards, CFO
Telephone: 778-715-5011

9. **DATE OF REPORT**

October 8, 2025