

Adastra Holdings Announces Completion of Sale of Subsidiaries

Langley, British Columbia--(Newsfile Corp. - October 15, 2025) - **Adastra Holdings Ltd.** (CSE: XTRX) (FSE: D2E0) (the "**Company**") announces that it has completed the sale of all of the issued and outstanding shares of its wholly-owned subsidiaries, Adastra Labs Holdings (2019) Ltd. ("**Adastra Labs**"), 1178562 B.C. Ltd. ("**1178562**"), and Adastra Brands Inc. ("**Adastra Brands**"), to 1538634 B.C. Ltd. (the "**Purchaser**").

The aggregate consideration for all transactions was \$4,000,000, including \$495,000 for the sale of Adastra Labs, satisfied by a 12% interest-bearing promissory note, \$3,500,000 for the sale of 1178562, satisfied by the Purchaser's assumption of the existing mortgage debt on the Langley, BC based property owned by 1178562 (the "**Property**"), and \$5,000 cash for the sale of Adastra Brands.

In connection with the closing of the transactions, 1178562 and the Company's wholly owned subsidiary, Adastra Labs Inc., entered into a lease agreement pursuant to which 1178562 agreed to lease 13,000 square feet of warehouse and office space located at the Property to Adastra Labs Inc. in consideration for \$35,000 per month. Additionally, Adastra Brands and the Company entered into an intellectual property licensing agreement pursuant to which Adastra Brands agreed to license certain trademarks to the Company for an annual license fee.

The completion of these transactions strengthens the Company's balance sheet, reduces debt, and streamlines operations. Through the related leaseback and intellectual property licensing agreements, the Company will continue to operate from its existing facility and retains the right to use its established brands and trademarks.

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, it 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.

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This press release contains statements that may constitute "forward-looking statements" within the meaning of applicable securities legislation. Forward-looking statements are typically identified by words such as "expected," "anticipated," "will," or similar expressions. Forward-looking statements in this press release include but are not limited to the Company strengthening its balance sheet, reducing debt, and streamlining operations, and the Company continuing to operate from its existing facility and retaining the right to use its established brands and trademarks. These forward-looking statements are made as of the date of this press release. Such forward-looking statements reflect current estimates, beliefs and assumptions, which are based on management's perception of current conditions and expected future developments, as well as other factors management believes are appropriate in the circumstances. Although the Company believes the forward-looking statements in

this press release are reasonable, it can give no assurance that the expectations and assumptions in such statements will prove to be correct. The Company cautions investors that any forward-looking statements by the Company are not guarantees of future results or performance, and are subject to risks, uncertainties, assumptions and other factors which could cause events or outcomes to differ materially from those expressed or implied by such forward-looking statements. Such factors include, among others, the ability to satisfy customary closing conditions and obtain any necessary regulatory approvals. Readers are cautioned not to place undue reliance on any forward-looking statements, which reflect management's expectations only as of the date of this press release. The Company disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

The Canadian Securities Exchange has not reviewed this press release and does not accept responsibility for the adequacy or accuracy of this news release.



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