



INVESTOR PRESENTATION

CANNABIS THROUGH ART AND SCIENCE

September 2023



WHO ARE WE?

Adastra is a leading cannabis processor, producer, and co-manufacturer catering to both the adult-use and medical cannabis sectors.

We distribute premium cannabis products, along with managing a portfolio of successful proprietary brands: Phyto Extractions and Endgame boast a robust presence with an expanding distribution network, symbolizing top-tier quality.

Our products, including sought-after cannabis concentrates, are accessible at 2,000+ retail locations across Canada, ensuring widespread availability.





INVESTMENT HIGHLIGHTS

Strategic Pursuit of Licenses and Amendments

- Standard Processing Licence, Flower Sales Licence, Analytical Testing Licence, Medical Sales Licence
- Controlled Substances Dealer's Licence including synthesis, propagation, cultivation, and harvesting of psychedelic mushrooms for Psilocybin extraction, research and manufacture controlled substances such as Psilocybin and business-to-business sale of controlled substances, including by export
- February 2023: Amended Dealer's License to include the following regulated activities: possession, production, assembling, sale/provision and sending, transportation and delivery of certain controlled substances
- August 2023: Controlled Substances Dealer's Licence extended until July 31, 2026

Robust Extraction Capacity

- Adastra Labs' 13,500 sq. ft processing facility and co-located Adastra Analytics cannabis testing lab, located in Langley, British Columbia. Adastra is proficient with various extraction methodologies, along with product development, formulation and packaging, all in-house

Rapid Growth

- Gross revenue of \$20.4M for the six months ended June 30, 2023, representing a 248% increase from the six months ended June 30, 2022
- Record Q2 2023 revenue of \$10.9M, an increase of 205% from Q2 2022

Significant Expertise

- Adastra's commercialization team was assembled in Q1 2022 to accelerate production volume and market penetration, regularly adapting to meet increased demand for branded products and co-manufacturing PO fulfillment

Diverse Approach

- Wide-range of capabilities and outputs including; infused pre-rolls, flower, THCa diamonds, THC distillate, vape cartridges, CBD isolate, full spectrum extracts and other CPG cannabis products used in medical and adult-use recreational applications

EXPANDING CAPABILITIES TO MEET MARKET DEMAND

SUMMER 2022

- Additional Endgame SKUs brought to market ex: THCa diamonds, 1g Vaporizer Cartridge flavours, Sugar Wax
- Endgame and Phyto Extractions products listed for sale in additional provinces and territories
- Endgame brand presence featured at cross-country events
- Received Medical Sales Licence and Controlled Substances Dealer's Licence from Health Canada

WINTER 2022

- Infused pre rolls and flower SKUs launched into market
- Phyto Extractions brand back in-house, 100% revenues captured
- Endgame and Phyto SKUs now listed in BC, Alberta, SK, MB, Ontario, Nunavut, Northwest Territories, Yukon and Nova Scotia

Summer 2023

- In August, Health Canada renewed Adastra's Controlled Drugs and Substances Dealer's License until July 31, 2026
- Record Q2 2023 revenue of \$10.9M, an increase of 205% from Q2 2022
- Focused on enhancing the efficiency & scope of operations at the centralized processing facility in Langley, BC
- Undertook initiatives to amplify the recognition of Endgame and Phyto Extractions, across Canada

FALL 2022

- Additional SKUs added to Endgame portfolio
- Steps taken towards termination of a legacy supply agreement to bring Phyto Extractions brand fully in-house. Capturing 100% revenues
- Endgame products stocked in other provincial markets ex: AB, ON

SPRING 2023

- In March, announced record shipment volume for January and February 2023 and plans to further accelerate product and brand presence across Canada
- In Q1 2023 Adastra shipped a record volume of 379,343 grams of cannabis products and achieved this result with over 1,300 orders. This shipment volume is an increase of 152% over the average monthly shipments during 2022

KEY PRODUCT OFFERINGS



CRYO ETHANOL

Distillate Vape Cartridges



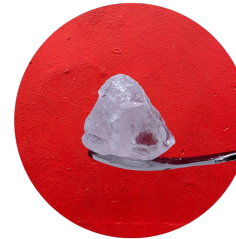
INFUSED FLOWER & PRE-ROLLS

Pre-Rolls, Infused Pre-Rolls, Infused Milled Flower



HYDROCARBON

Live Resin, Shatter, THCa Diamonds, Full Spectrum Vape Cartridges, Sugar Wax, Crumble, CBD Isolate



DRIED FLOWER

Large format cannabis flower, small batch craft cannabis



FULL SPECTRUM

Shatter, Live Extract Cartridges and Dabbable Concentrates ex. Sugar Wax



SUPER/SUB CRITICAL CO2

Full-Spectrum Vape, Cartridges, Terp Sauce



A PLATFORM FOR ACCELERATED GROWTH IN CANADA

EXTRACT

- Extraction methodologies and industry-leading equipment are designed to meet product development requirements, market demands and Health Canada quality standards

SCIENCE

- Cannabis processing, innovative product development and formulations, R&D, organoleptic testing, diverse extraction capabilities

ANALYZE

- Co-located, in-house analytical testing lab to perform in-process potency and cannabinoid testing, to ensure process optimization and deliver efficient, cost-effective quality customers (wholesale or co-manufacturing partner brands)

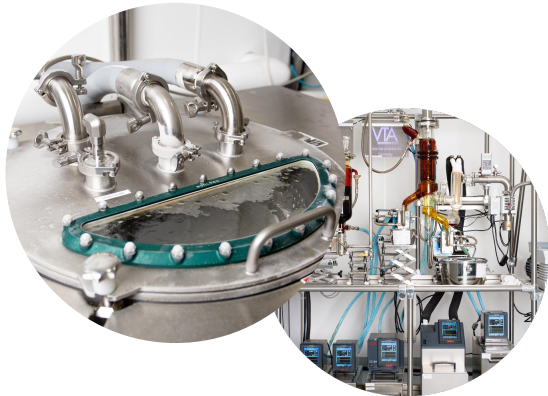
CRAFT

- Adastra owns two in-house concentrates brands: Phyto Extractions and Endgame Extracts, often ranked as best sellers in [BC](#), [Alberta](#), and [Ontario](#)
- Adastra is a leading processor and co-manufacturer for many Canadian Licensed Producers and brands



ROBUST EXTRACTION CAPABILITIES

- Adastra Labs is a Health Canada licensed Standard Processor, cannabis product formulator and co-manufacturer for its in-house brands and many brand partners
- 13,500 sq. ft facility and co-located analytical testing lab is located in Langley, BC, Canada
- Adastra Labs uses Cryo Ethanol, Hydrocarbon and CO² extraction methods to formulate various products
- In April 2022 Adastra launched its in-house brand Endgame to the BC market. Sell through reached 100% for the four initial SKUs launched, within 48 hours of release. In 2023, Endgame launched THCa diamonds and infused pre-rolls and flower into market, all manufactured at Adastra's facility



THC DISTILLATE



HYDROCARBON



FULL SPECTRUM



FORMULATION,
FILLING & PACKAGING

ADASTRA ANALYTICS

IN-HOUSE TESTING LAB

- Licensed by Health Canada in 2019, Adastra Analytics is Adastra Labs' co-located analytical testing lab
- Adastra conducts in-process cannabinoid potency testing, enhancing process efficiency and product quality assurance. It also offers QA/ QC and compliance services for licensed cannabis producers

CANNABIS ANALYSIS

- Co-located analytical testing lab enables us to perform in-process testing on cannabis extract samples when formulating and manufacturing products customers, and co-manufacturing partners
- Enhances process efficiencies and pass cost savings onto our clients
- Can also perform product R&D in-house
- Adastra Labs has its organoleptic testing license, offering the advantage of customer product testing
- This feedback ensures we craft products that meet customer demand. With Adastra analytics on-site we can perform analysis, product sampling, testing, and R&D with little added cost



OWNS 100% OF TWO TOP-PERFORMING CANADIAN CONCENTRATES BRANDS

AWARD-WINNING EXTRACTS

- Phyto Extractions is a legacy purveyor of award-winning extracts. A household name in branded cannabis concentrates, like shatter
- Founded in 2014 and acquired by Adastral in September 2021, Phyto Extractions brand was brought 100% in-house in October 2022, allowing Adastral to capture 100% of its revenues

The logo for Phyto, featuring the word "Phyto" in a stylized, italicized green font.

ENDGAME EXTRACTS LISTED AS 1ST, 3RD, 4TH, & 5TH BEST SELLING CONCENTRATE IN AB ⁽¹⁾

- Established in 2022 Endgame Extracts' product portfolio includes:
 - Concentrates – shatter, THCa diamonds, live resin
 - Vape Cartridges - full spectrum and distillate
 - Extracts – Sugar Wax, THCa diamonds and terp sauce, hash
 - Infused pre-rolls and infused flower
 - Flower
- SKUs are available in BC, Alberta, Saskatchewan, Manitoba, Yukon, Northwest Territories, Nunavut, Ontario, Nova Scotia and Newfoundland

The logo for Endgame, featuring the word "ENDGAME" in a bold, black, sans-serif font. Below the text is a circular emblem containing a stylized "EG" monogram.

(1) As of August 22, 2023, Source: <https://www.headset.io/the-best-selling-cannabis-products/alberta-concentrates>

perceive M D

One Of British Columbia's Leading Medical Cannabis And Forward-thinking Therapy Clinics

PerceiveMD is a multidisciplinary team-based, patient-focused centre providing free, comprehensive assessments for medical cannabis.

September 2021: Purchased 100% Of PerceiveMd ⁽¹⁾

Combined with Adastra's medical cannabis sales license, PerceiveMD positions Adastra for expansion into medical sales of cannabis treatments.

It creates a direct sales path for medical products and a feedback mechanism for input directly from patients and doctors.

PerceiveMD will provide patients with a valuable online healthcare practitioner and documentation portal for access to PerceiveMD's alternative treatment products, which Adastra intends to formulate.

1. \$2.3 million all-stock transaction. Related party transaction.

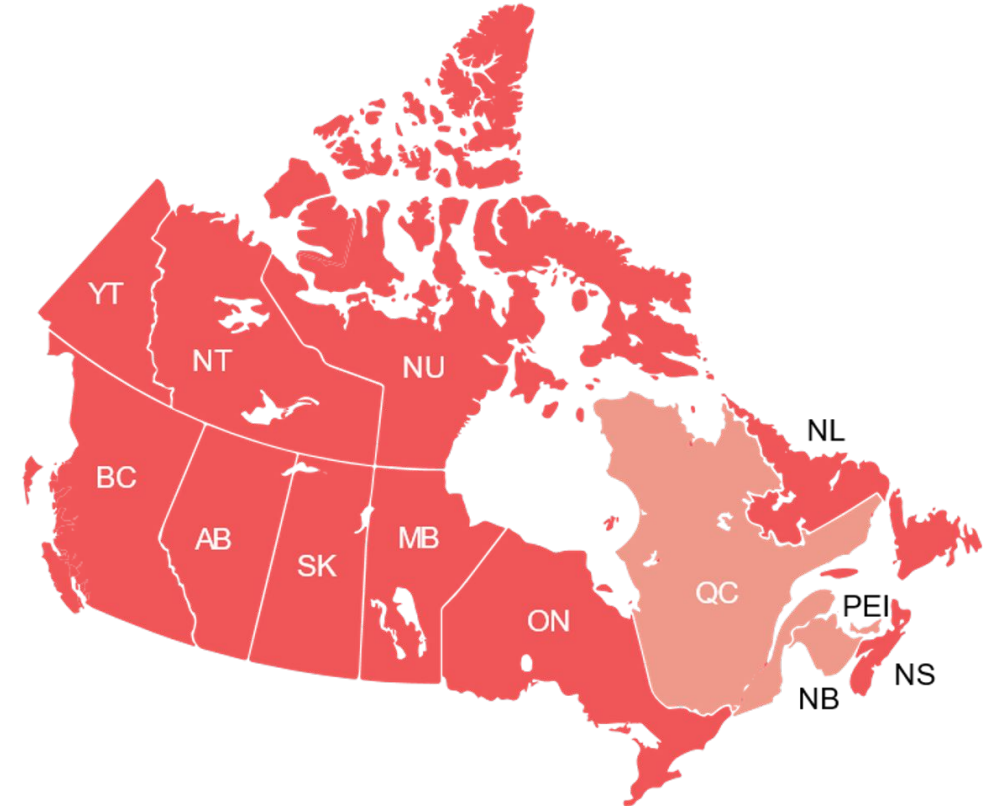


GROWING PRODUCT PORTFOLIO & AVAILABILITY

GROWTH DRIVERS

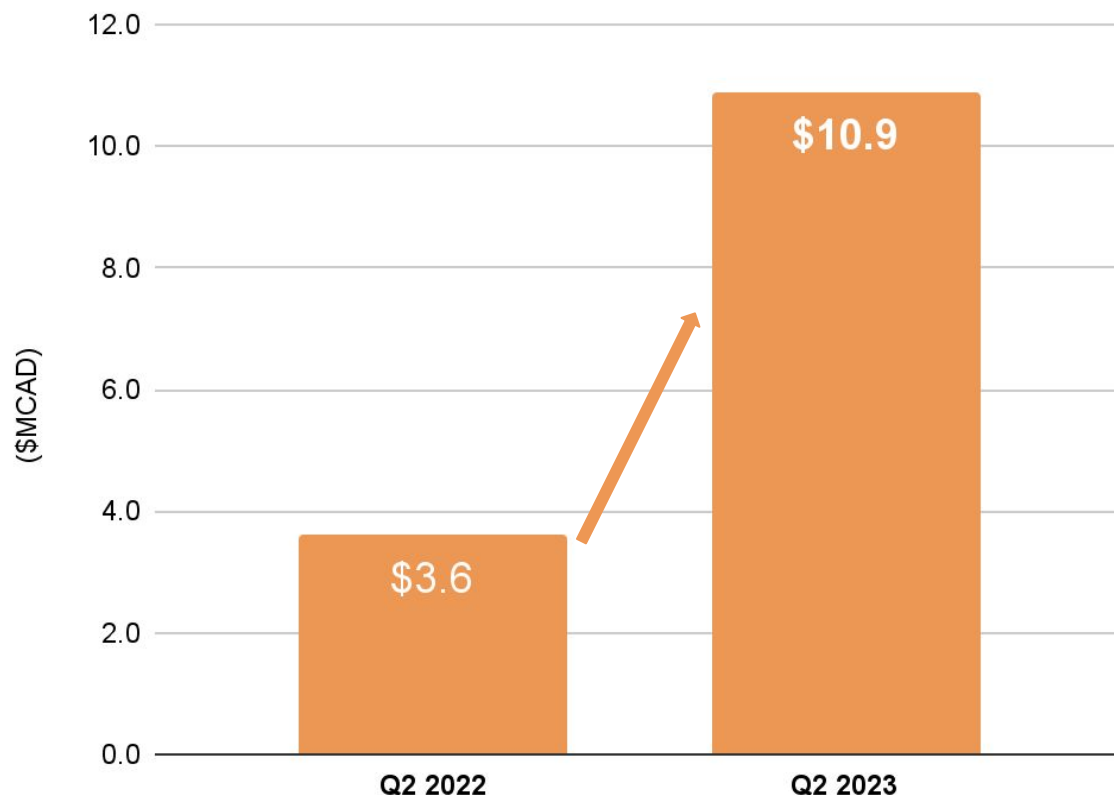
- Introduction of new products, into desired categories
- Retail & market penetration
 - More than 2,000 Canadian retailers' stock Adastra products
- New channels distribution regions
 - Expansion into maritime provinces
- Optimize in-store visibility and augmented brand presence
- Sales force expansion with Hybrid Brand Management
- Success of in-house brands and co-manufacturing partnerships with several of Canada's leading brands
- Demonstrated sell through with in-house brands
- Product innovation and strategic commercialization
- Product line expansion based on consumer and market demand

EXPANDING RETAIL SALES DISTRIBUTION



SUSTAINING MOMENTUM

205% year-over-year growth



Q4 2022

- Gross revenues of \$6.8M for Q4 2022 compared to \$2.0M for Q4 2021, representing a 243% increase
- Gross profits of \$2.6M, increase of 274% from Q4 2021
- Record Q4 2022 income before other items of \$642K compared to loss before other items of \$1.6M in Q4 2021
- Gross margin of 46% for FY2022 compared to 35% in fiscal 2021

Q1 2023

- Record Q1 2023 gross revenues of \$9.5M compared to \$2.3M for Q1 2022, representing a 315% increase
- Gross revenues experienced a 39% increase from Q4 2022 to Q1 2023
- Gross profits of \$1.7M, increase of 102% from Q1 2022
- Record Q1 2023 cash provided by operations of \$1.5M, compared to \$104K in Q1 2022

Q2 2023

- Record Q2 2023 revenue of \$10.9M compared to \$3.6M for Q2 2022, representing a 205% increase
- Revenue experienced a 15% increase from Q1 2023 to Q2 2023
- Q2 2023 gross profit of \$2.6M compared to \$1.1M in Q2 2022, representing a 135% increase
- Record Q2 2023 income from operations of \$235K, compared to a loss of \$394K in Q2 2022

YTD 2022 FINANCIAL METRICS

	Fiscal 2022	Fiscal 2021	% Change
Revenue	\$13,295,078	\$5,628,616	136%
Cost of Sales	(\$7,183,029)	(\$3,684,925)	95%
Gross Profit	\$6,112,049	\$1,943,691	214%
Gross Margin	46%	35%	33%
Operating Expenses	\$6,912,045	\$4,335,429	59%
Net Loss	(\$4,281,639)	(\$2,749,939)	56%
Net Loss Per Share	(0.07)	(0.05)	40%

REVENUE

\$13.3M

Y/Y GROWTH

136%

GROSS PROFIT

\$6.1M

GROSS MARGIN

46%

Note: For the twelve months ended December 31, 2022 compared to the same period, in the previous year

CAPITAL STRUCTURE

Shares Outstanding (as of June 30, 2023)	Total Shares
Common Shares	55,970,547
Options	2,870,000
Warrants	122,727
Total Shares Outstanding (Fully Diluted)	58,963,274
Reserve for issuance	2,992,727

CSE: XTRX
TICKER

\$0.105-\$2.00
52 WEEK RANGE

28%
INSIDERS⁽¹⁾

(1) Calculated as of May 1, 2023

EXPERIENCED LEADERSHIP TEAM



Michael Forbes

BSC. PHARM
CEO & DIRECTOR

With a background firmly rooted in medicine, cannabis production and entrepreneurship, Michael has founded five medical cannabis clinics, under the Concord Medical Clinic umbrella, built Clarity Cannabis and Honeycomb Cannabis retailers to more than 10 locations and founded the cannabis licensed cultivation facility, Sitka Weed Works.



Lachlan McLeod

BSC., CPA
CFO

Lachlan is a Chartered Professional Accountant (CPA) with a BSc, Economics major and Business minor from the University of Victoria. He received his diploma of accounting from the Sauder School of Business at the University of British Columbia. Lachlan brings over 10 years of senior finance experience and has served as a fractional CFO for multiple public companies. Lachlan has a proven track record of helping businesses in senior executive management levels in both public and private companies. He has worked as an auditor for a Big 4 accounting firm to help companies meet financial and regulatory reporting requirements.



Smoke Wallin

DIRECTOR

Smoke is a highly accomplished CEO, entrepreneur, leader, board member and philanthropist with leadership across the consumer products, beverage, cannabis, hospitality, health & wellness, distribution, M&A, and technology industries. Smoke is Co-Founder & Director of DignityMoves.Org created to end unsheltered street homelessness in our communities by building Interim Supportive Housing with rapid, cost-effective, scalable solutions.

Smoke serves as MD/partner at STS Capital a global boutique investment bank focused on M&A. He serves as Chair of Taliera, a company he founded in 2006 to incubate and celebrate iconic beverage brands. He is Chair/Co-Founder of Vertical Wellness a health & wellness brand company.



Jean-Paul Lim

MD, FRCPC

CHIEF STRATEGIC ADVISOR

Jean Paul has a BSc in Microbiology, an MD with a residency in Internal Medicine and an Echocardiography certification from UBC. He is a USA Board Certified Anti-Aging Specialist with a specialty in bioidentical hormone balancing. He is also a leader in the medical cannabis space, creating one of the only medical cannabis data companies and leveraging this information to advance the practice of prescribing cannabis as a medicine.



Paul G. Morgan

DIRECTOR

Mr. Morgan is a corporate / commercial lawyer located in Victoria, British Columbia and has been actively practicing in British Columbia since 2013. Mr. Morgan's legal practice has included a particular focus on various segments of the cannabis industry including, but not limited to, retailers and licensed producers of cannabis since approximately 2016.

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