

Stem Holdings, Inc. Announces LOI for Acquisition of Seven Leaf Ventures Corp.

BOCA RATON, Fla., July 09, 2019 (GLOBE NEWSWIRE) -- Stem Holdings, Inc. ("**Stem**") (OTCQB: STMH, CSE:STEM), is pleased to announce that it has entered into a non-binding letter of intent dated July 8, 2019 (the "**LOI**") with Seven Leaf Ventures Corp. ("**7LV**"), a private Alberta corporation and the securityholders of 7LV. Pursuant to the LOI, Stem will acquire all of the issued and outstanding shares and other securities of 7LV (the "**Transaction**"). It is expected that the LOI will serve as the basis for a final and binding agreement for the Transaction ("**Definitive Agreement**").

7LV operates retail dispensary assets in California (the "**Assets**"). These Assets generated US\$5.6 million in revenue, US\$1.8 million in gross margin in 2018, and is expected to generate US\$8.0 million in revenue, US\$2.2 million in gross margin, in 2019. In addition, 7LV is expected to have approximately C\$2.0 million in cash from the exercise of certain warrants prior to closing.

It is contemplated that the Transaction will be structured as a share purchase agreement among Stem, 7LV and all of the securityholders of 7LV. It is intended that the purchase price payable by Stem for all of the issued and outstanding common shares of 7LV, on a fully-diluted basis, to be no more than 10,000,000 common shares in the capital of Stem.

Pursuant to the terms of the LOI, each of 7LV and the securityholders of 7LV have agreed not to solicit, negotiate, accept or discuss with any other entity, any transaction that would be in opposition to or in competition with the Transaction.

The completion of the Transaction is subject to the satisfaction of various conditions as are standard for a transaction of this nature, including but not limited to (i) the negotiation of the Definitive Agreement; and (ii) completion by Stem, 7LV and their respective advisors of due diligence satisfactory to the parties. There can be no assurance that the Transaction will be completed on the terms proposed above or at all.

Upon the completion of the Transaction, it is anticipated that Arthur H. Kwan, current CEO of 7LV, will join the Board of Directors of Stem.

About Stem Holdings, Inc.

As a vertically integrated cannabis company, Stem has positioned itself as a pioneer in the industry with its state-of-the-art cultivation, processing, extraction, retail, and distribution processes. Stem has an interest in, or is in the process of acquiring an interest in, cannabis facilities in Nevada, Oklahoma, Oregon and California, and also participates in a research project in collaboration with Cornell University. Utilizing proprietary, sustainable cultivation techniques, Stem, or its affiliates, develop exceptional products that are safe and consist of lab-tested cannabis and CBD. Stem's partner consumer brands are award-winning and nationally known, and include: cultivators, TJ's Gardens and Yerba Buena; retail brands, Stem and TJ's; infused product manufacturers, Cannavore and Supernatural Honey; and a CBD company, Dose-ology. Stem's mission in supporting the health and happiness of people and the safety of the planet is evident through the Company's continued recognition for its community involvement, employee diversification and a top place to work in cannabis, dedication to environmental causes and outstanding leadership in the cannabis industry. Stem Holdings Inc.'s Corporate Offices are located at 7777 Glades Road Suite 203 Boca Raton, FL 33434 United States, <https://www.stemholdings.com>.

For further information, please contact:

Media Contact:

Mauria Betts

Director of Branding and Public Relations

(971) 266-1908

mauria@stemholdings.com

Investor Relations:

John Mills

ICR, LLC

(646) 277-1254

john.mills@ICRinc.com

About Seven Leaf Ventures Corp.

7LV is a private investment corporation focused on the downstream cannabis sector.

For more information, please contact:

Seven Leaf Ventures Corp.

Arthur H. Kwan – CEO

ak@7lv.co

Reader Advisory

*Certain information set forth in this news release contains forward-looking statements or information (“**forward-looking statements**”), including details about the Transaction and the anticipated appointment of Arthur H. Kwan on the Board of Directors of Stem. By their nature, forward-looking statements are subject to numerous risks and uncertainties, some of which are beyond Stem’s control, including the impact of general economic conditions, industry conditions, volatility of commodity prices, currency fluctuations, environmental risks, operational risks, competition from other industry participants, stock market volatility and the risks that the parties will not proceed with the Transaction. Although Stem believes that the expectations in its forward-looking statements are reasonable, its forward-looking statements have been based on factors and assumptions concerning future events which may prove to be inaccurate. Those factors and assumptions are based upon currently available information. Such statements are subject to known and unknown risks, uncertainties and other factors that could influence actual results or events and cause actual results or events to differ materially from those stated, anticipated or implied in the forward-looking statements. Accordingly, readers are cautioned not to place undue reliance on the forward-looking statements, as no assurance can be provided as to future results, levels of activity or achievements. Risks, uncertainties, material assumptions and other factors that could affect actual results are discussed in Stem’s public disclosure documents available at www.sedar.com. Furthermore, the forward-looking statements contained in this document are made as of the date of this document and, except as required by applicable law, Stem does not undertake any obligation to publicly update or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise. The forward-looking statements contained in this document are expressly qualified by this cautionary statement.*

Completion of the Transaction is subject to a number of conditions. There can be no assurance that the Transaction will be completed as proposed or at all.