



Driven By Stem to Enter Colorado with Signing of LOI to Acquire Vertically-Integrated Cannabis Operator, Colorado Harvest Company

Expansion into Colorado Includes Operations with Two Colorado Delivery Permits, Three Dispensaries, and Two Cultivation Facilities

BOCA RATON, FL, October 26, 2021 – Stem Holdings, Inc. d/b/a Driven by Stem (OTCQX: STMH) (CSE: STEM) (the "**Company**" or "**Stem**"), the first multi-state, vertically integrated Farm-to-Home™ (F2H) cultivation and technology omnichannel cannabis company featuring a proprietary Delivery-as-a-Service (DaaS) marketplace platform, announced today that it has entered into a letter of intent (the "**LOI**") to acquire High Country Supply, LLC d/b/a [Colorado Harvest Company](#) ("**CHC**") (the "**Acquisition**"), one of Denver's oldest and most respected vertically-integrated operators with two delivery permits, three retail dispensaries, and two cultivation facilities.

"The Colorado cannabis market has been an area of strategic focus for Stem. It is the second largest market in the nation, and continues to grow at double digits after a record year in 2020, when it grew by 25% to reach annual sales of US\$2.2 billion," stated Adam Berk, CEO of Stem. He continued, "We have long been looking for the right partners and assets to enter the Colorado market. CHC has long been recognized as a cannabis industry pioneer and a consumer favorite, known for its exciting line up of proprietary in-house strains, and an extensive selection of quality concentrates and edibles." Berk further stated, "CHC's assets fit perfectly with Stem's core competencies and infrastructure for cultivation, wholesale, dispensary and e-commerce retail, extraction, delivery and edibles. CHC is not only vertically integrated with great retail locations, high-quality products, and cultivation capacity, but is also the first company to be awarded a delivery license in the state of Colorado which conforms with our proprietary Budee delivery platform."

In calendar 2021, CHC is expected to generate over \$13,000,000 in revenues, with a projected gross margin of \$5,070,000, upon completing over 180,000 retail transactions. Berk commented, "We are excited to acquire CHC and benefit from its team's long history of cultivation and retail experience to further enhance our existing operations, combined with their deep product development expertise. We look forward to driving synergies as we integrate operations and best-practices throughout our enterprise."



Tim Cullen, CEO of Colorado Harvest Company, stated, "Colorado Harvest Company, an industry leader and pioneer in Colorado, is excited to enter into an agreement with Driven By Stem. This new relationship will provide our customers with a new array of products and services, as well as allow us to build on the success Stem has enjoyed in other states. Colorado Harvest Company was recognized by Governor Polis with the first recreational cannabis delivery license in the State of Colorado and last week was awarded the distribution license for delivery in Denver. These new licenses combined with the experience and know-how of Stem will bring the company to the next level. This is a tremendous opportunity for Colorado Harvest Company to join forces with Stem, anticipating a very bright future together."

Pursuant to the LOI, the parties intend to negotiate the terms of definitive agreements (the "**Definitive Agreements**"), providing for the integration of Colorado Harvest Company's three leading vertically integrated dispensaries, two modern grow facilities, and its two Colorado adult use delivery permits located in Aurora and Denver into Stem's Budee™ proprietary platform.

"The acquisition of CHC is the first step in Colorado's footprint for Stem. This transaction is inserted in a larger plan to provide best in class retail, as well as ecommerce service with Budee™ delivering quality products to customers located in all geographic areas of the State", concluded Berk.

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About Stem Holdings, Inc. d/b/a Driven by Stem

Stem Holdings is a leading omnichannel, vertically-integrated cannabis branded products and technology company with state-of-the-art cultivation, processing, extraction, retail, distribution, and delivery-as-a-service (DaaS) operations throughout the United States. Stem's family of award-winning brands includes TJ's Gardens™, TravisxJames™, and Yerba Buena™ flower and extracts; Cannavore™ edible confections; Artifact Extracts concentrates; Doseology™, a CBD mass-market brand launching in late 2021; as well as DaaS brands Budee™ and Ganjarunner™ through the acquisition of Driven Deliveries. Budee™ and Ganjarunner™ e-commerce platforms provide direct-to consumer proprietary logistics and an omnichannel UX (user experience)/CX (customer experience).

About Colorado Harvest Company

High Country Supply, LLC d/b/a Colorado Harvest Company (CHC) is one of Denver's oldest and most respected dispensary operators. CHC has been a part of the changing landscape of marijuana rules and regulations since opening its doors in 2009. In



addition to the brick-and-mortar locations found in Denver and Aurora, CHC offers carry out windows to promote social distancing as well as delivery to customers in certain areas. Colorado Harvest Company has long been recognized as a local favorite for its Exotic line up of in-house strains as well as collaborations with many well-recognized brands in the space.

Cautionary Note Regarding Forward-Looking Information

This press release contains statements that constitute “forward-looking information” within the meaning of applicable securities laws, including statements regarding the plans, intentions, beliefs and current expectations of the management of Stem with respect to future business activities. Forward-looking information is often identified by the words “may,” “would,” “could,” “should,” “will,” “intend,” “plan,” “anticipate,” “believe,” “estimate,” “expect” or similar expressions and includes information regarding: (i) expectations around the accretive nature of the acquisition; (ii) the expansion of the Company’s market following the closing of the acquisition and the ability to scale operations; (iii) the launch of delivery services into Stem’s current and future markets; and (iv) expected revenue, gross margin and retail transactions of Colorado Harvest in calendar 2021. Investors are cautioned that forward-looking information is not based on historical facts but instead reflects the management of Stem’s expectations, estimates or projections concerning future results or events based on the opinions, assumptions and estimates of management considered reasonable at the date the statements are made. Although Stem believes that the expectations reflected in such forward-looking information are reasonable, such information involves risks and uncertainties, and undue reliance should not be placed on such information, as unknown or unpredictable factors could have material adverse effects on future results, performance or achievements of the Company. Among the key factors that could cause actual results to differ materially from those projected in the forward-looking information are the following: changes in general economic, business and political conditions, including changes in the financial markets; the ability of the Company to raise debt and equity capital in the amounts and at the costs that it expects; adverse changes in the public perception of cannabis; construction delays; decreases in the prevailing prices for cannabis and cannabis products in the markets that the Company operates in; adverse changes in applicable laws; adverse changes in the application or enforcement of current laws, including those related to taxation; the inability to locate and acquire suitable companies, properties and assets necessary to execute on the Company’s business plans; political risk; and increasing costs of compliance with extensive government regulation. This forward-looking information may be affected by risks and uncertainties in the business of Stem and market conditions.

Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking information prove incorrect, actual results may vary materially from those described herein as intended, planned, anticipated, believed, estimated or expected. Although Stem has attempted to identify important risks,



uncertainties and factors which could cause actual results to differ materially, there may be others that cause results not to be as anticipated, estimated or intended. Stem does not assume any obligation to update this forward-looking information except as otherwise required by applicable law.

No securities regulatory authority has in any way passed upon the merits of the proposed transactions described in this news release or has approved or disapproved of the contents of this news release. **Stem Holdings**

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