



Stem Holdings Inc., Receives License For Newly Constructed Cannabis Cultivation Facility in Oregon

BOCA RATON, November 6, 2018 - Stem Holdings Inc. (OTCQB: STMH CSE: STEM), (the "Company" or "Stem") a cannabis real estate company specializing in acquiring and improving properties within the cannabis industry has received a license from the State of Oregon, Oregon Liquor Control Commission (OLCC) for its newly constructed cannabis facility in Springfield, Oregon.

"Stem is excited to unveil its center for cutting-edge cultivation in the state of Oregon," says CEO Adam Berk. "Our team has designed this property for highly efficient, craft cannabis production. We have carefully considered every detail, from plant propagation and cultivation to product distribution."

The 28,000 square foot property will provide 10,000 square feet of space dedicated to sustainable, indoor cannabis cultivation. The building features eight, 1,100 square foot, clean grow rooms that will utilize cutting-edge lighting and ventilation systems. The grow rooms will collectively produce over 2,500 pounds of cannabis flower annually. Two additional spaces will be dedicated to research and development of new cannabis strains. An on premise plant tissue culture laboratory will allow Stem's operators to utilize advanced propagation technology. The laboratory will produce a continuous supply of plant strains derived from award-winning genetics. Streamlined cannabis processing and packaging will be achieved through the use of a dry room, a curing room, a space for processing harvested cannabis material and a loading dock.

The property will be leased to Stem's partner operators, TJ's Gardens and Yerba Buena. Both licensed cultivators are renowned growers of craft cannabis in Oregon. TJ's Gardens has been recognized for the "Best Tasting Bud on Earth" by High Times Magazine. Yerba Buena is the first cannabis company to receive the 100 Best Green Companies award by Oregon Business Magazine, winning in both 2017 and 2018, placing 9th and then 6th respectively across all industries.

"Operating within this well-designed building will solidify our position as a premiere cultivator in the Oregon market," says James Orpeza, co-founder of TJ's Gardens. "This

world-class facility will enable our team to rapidly innovate within the cannabis industry while providing consistent, high-quality products to our customers.”

About Stem Holdings Inc.

Stem has positioned itself as a leader in the U.S. cannabis industry by building state-of-the-art cannabis licensed solutions that include: cultivation, processing and retail properties across multiple U.S. markets. As an innovative company, Stem acquires and improves properties for cannabis industry operators and provides turn-key solutions for vetted, marijuana-based businesses including but not limited to marijuana and hemp cultivation, extraction, infused products and processing. These cannabis companies have developed an extensive portfolio of award-winning, consumer-facing brands such as TJ’s Gardens, Yerba Buena®, Cannavore®, incredibles®, Dose-ology and Green T-Farms. For more information, visit www.stemholdings.com.

Cautionary Note Regarding Forward-Looking Information

This press release contains statements which 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 include information regarding: (i) the ability of the Company to successfully achieve its business objectives, (ii) plans for expansion of Stem, (iii) expectations for other economic, business, and/or competitive factors, and (iv) anticipated production volumes.

Investors are cautioned that forward-looking information is not based on historical facts but instead reflect 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; and in particular in 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; decreases in the prevailing prices for cannabis and cannabis products in the markets that the Company operates in; adverse changes in applicable laws; or 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; 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 intend, and 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.

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