



Stem Holdings, Inc. Receives License to Cultivate Hemp on 14-Acre Farm Outside of Portland, Oregon

BOCA RATON, January 25, 2019 – Stem Holdings, Inc. (OTCQB: STMH CSE: STEM) (the “**Company**” or “**Stem**”), an innovative publicly-traded cannabis corporation with vertically integrated operations throughout the United States, has received approval to cultivate hemp on a 14-acre farm outside of Portland, Oregon. This hemp cultivation license comes just a month after the Agriculture Improvement Act of 2018 (commonly known as the 2018 U.S. Farm Bill) was signed by President Trump effectuating hemp being removed from the Federal Controlled Substance Act (CSA).

With these recent federal developments, the *Hemp Business Journal* predicts that the demand for hemp-derived CBD for use in health and wellness products will push U.S. hemp revenues to over \$1 billion by 2022¹. In addition, a new report by Grand View Research Inc., predicts that the global industrial hemp market will be a \$10 billion industry by 2025². Stem’s CEO, Adam Berk, is excited about the potential of bringing Stem’s line of high-quality hemp products to more customers across the country and around the world.

“We are setting ourselves up to be a leader in what we expect will be one of the world’s largest industries in just a few years,” Berk says. “We will be one of the few companies that will truly excel at cultivating, manufacturing, and distributing hemp products to this growing consumer market. Receiving this hemp cultivation license in Oregon is just the first step in being able to achieve our goal.”

Stem will cultivate hemp using a specific and proprietary CBD plant made popular by Oregon’s historic cannabis company and Stem affiliate, TJ’s Gardens. Acknowledged as the Pacific Northwest’s premier cannabis cultivator, TJ’s Gardens is recognized for their incredible CBD-rich flower strain that has provided important wellness benefits to many patients forming part of the Forrest Initiative for nearly a decade now.

“We are excited about expanding the availability of our TJ’s CBD strain to more people who may benefit from this plant’s unique qualities,” says Stem’s Director of Cultivation, James Orpeza. “Providing high-quality CBD products to our customers has always been central to what we focus on at TJ’s Gardens. The combination of receiving this hemp cultivation license in Oregon and the passage of the 2018 U.S. Farm Bill allows us to grow this important plant at a much larger scale and provide more people with our line of high-quality CBD and CBD products.”

¹ “The U.S. Hemp Industry Grows to \$820mm in Sales in 2017,” *Hemp Business Journal*, Oct. 12, 2018

² “Industrial Hemp Market Size Worth \$10.6 Billion By 2025,” *Grand View Research*. Aug. 7, 2018

Stem also received approval to manufacture hemp in Oregon. Therefore, in addition to cultivating high-CBD hemp flower, customers looking to purchase hemp products will also have access to the Dose-ology brand, which will produce full spectrum, CBD-rich tinctures and vaporizers. Stem will also be releasing a variety of edibles, including gummies, caramels, and chocolates, to the hemp CBD market in 2019.

Stay up to date on Stem's newest developments by visiting its website at stemholdings.com.

About Stem Holdings, Inc.

As a vertically integrated cannabis company, Stem has positioned itself as a pioneer in the industry with its affiliated state-of-the-art cultivation, processing, extraction, retail, and distribution operations. Stem owns and manages affiliated cannabis facilities in Nevada, Oklahoma, and Oregon, and also participates in a research project in collaboration with Cornell University. Utilizing proprietary, sustainable cultivation techniques, Stem develops exceptional products that are safe and consist of lab-tested cannabis and CBD. Stem's affiliated award-winning, nationally known, consumer-facing brands 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 our 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.

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, (iv) anticipated size of the hemp market, both domestically and globally, and (v) anticipated development and growth of Stem's affiliated brands.

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; 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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