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Stem Holdings Expands Footprint Into Massachusetts

BOCA RATON, Fla.--(BUSINESS WIRE)-- Stem Holdings, Inc. (OTCQX: STMH CSE: STEM) ("Stem"), a leading vertically-integrated cannabis and hemp branded products company with state-of-the-art cultivation, processing, extraction, retail, and distribution operations, is expanding its footprint into Massachusetts through a joint venture with Community Growth Partners, Inc. ("CGP"), a vertically-integrated cannabis company with provisional licensed operations in Massachusetts.

The Massachusetts Cannabis Control Commission recently awarded CGP three provisional cannabis licenses for cultivation, manufacturing and retail – making CGP one of the Commonwealth's first women- and minority-founded and owned businesses to become approved as a vertically-integrated cannabis operation. A new state-of-the-art indoor cultivation and manufacturing facility will be constructed in Northampton for completion by Fall 2020 including extraction and distribution capability, and dispensary operations will precede this by Spring 2020 to begin serving the market with partner cannabis brands.

Stem will acquire 49% of CGP's common stock, and will then provide a revolving line of credit for future expansion into Massachusetts. Stem, an experienced multi-state operator, will provide CGP with administrative, cultivation, and manufacturing support services. Stem will also license and market CGP's Rebelle™-brand products in its other licensed markets including California, Oregon, Oklahoma and Nevada. The agreements are subject to approval of the Massachusetts Cannabis Control Commission and other local state authorities.

"We applaud the Commonwealth of Massachusetts for awarding these important licenses to Community Growth Partners, which reflects the vision of state regulators seeking to promote social justice and a free market by recognizing that CGP exemplifies the best practices of both," stated Adam Berk, Chief Executive Officer of Stem. "CGP's founder, Charlotte Hanna, has had a successful career in finance, most recently at Goldman Sachs, and she has created a dynamic business model that we can extend into new markets in combination with Stem's expertise as a current multi-state operator. We look forward to Charlotte joining Stem as an advisor and to bringing Rebelle into our family of brands."

Charlotte Hanna commented, "Massachusetts sits at the center of the country's most concentrated cannabis market with more than 40 million people living in, and within a three-hour drive of the state. This \$5 billion market is even more enticing considering the extremely limited number of licenses available in the region. Adam is a dynamic leader with impressive entrepreneurial experience and a strong national team. Together we will expand our footprint into new regional markets," she concluded.

The initial Rebelle-branded dispensary is expected to open in Great Barrington, MA with additional facilities to follow later in 2020.

About Stem Holdings, Inc.

Stem Holdings, Inc. (OTCQX:STMH CSE:STEM) is a leading cannabis and hemp branded products company in the U.S. with proprietary capabilities in sustainable cultivation, processing, extraction, and R&D, as well as retail and distribution operations aligned with state-by-state regulations. Stem's award-winning owned- and partner-brands including TJ's Gardens™ and Yerba Buena™ are the foundation of the Company's expansion within current as well as new segments and markets, with exceptional and disruptive brands, and products that benefit well-being. Stem's expertise and scale will drive growth domestically and internationally with a continuing commitment to social responsibility and shareholder equity as a leader in the cannabis industry.

About Community Growth Partners, Inc.

Launched in 2018, Community Growth Partners is a vertically integrated cannabis company with operations planned in Massachusetts and a focus on the adult use-lifestyle cannabis market. This Spring CGP will launch Rebelle™, a new socially conscious cannabis store and product brand. Future retail operations are planned in other tourist and population dense areas in Massachusetts.

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