



Stem Holdings Announces Delay in Annual Filings and Expected Cease Trade Order

January 24, 2024 – BOCA RATON, Fla. – Stem Holdings, Inc. (OTCQB: STMH CSE: STEM) (the "**Company**" or "**Stem**"), a leading vertically-integrated cannabis and hemp company with state-of-the-art cultivation, processing, extraction, retail, and distribution operations, today announces that the filing of its audited annual financial statements, management's discussion and analysis and related CEO and CFO certifications for the financial year ended September 30, 2023 (collectively, the "**Annual Filings**"), is expected to be delayed beyond the filing deadline of January 29, 2024. The delay in the completion of the Annual Filings is a result of unforeseen delays in the completion of the Company's audit of the annual financial statements for the year ended September 30, 2023 (the "**2023 Audit**"). The 2023 Audit was more complex and time consuming than anticipated, due in part to corporate activity that took place during the fiscal year to reorganize the Company.

As a result, the Company is expected to be noted in default by the applicable Canadian securities regulatory authorities and expects that the Ontario Securities Commission (the "**OSC**"), as principal regulator of the Company, will issue a "failure to file" cease trade order (the "**CTO**") against the Company in accordance with National Policy 11-207 – *Failure-to-File Cease Trade Orders and Revocations in Multiple Jurisdictions*. The CTO will prohibit any direct or indirect trading in securities of Stem for so long as it remains in effect, in all Canadian jurisdictions in which the Company is a reporting issuer as well as certain other Canadian jurisdictions based on the provisions of local securities legislation.

The Company had made application(s) to the OSC for a management cease trade order (the "**MCTO**") under National Policy 12-203 – *Management Cease Trade Orders* ("**NP 12-203**"), which were denied.

The CTO will remain in effect until such time as it is revoked following the filing by the Company of the Annual Filings. There can be no assurance that the Company will be able to remedy its filing default and have the CTO lifted in a timely manner or at all. Shareholders of the Company may suffer a decline or loss in value of their investment in the shares of common stock of the Company as a result.

About Stem Holdings, Inc.

Stem Holdings, Inc. (OTCQB: STMH CSE: STEM) 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™, flower and extracts; and Cannavore™ edible confections.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

This press release contains statements which constitute "forward-looking information" within the meaning of applicable securities laws. 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 relating to the delay of the Annual Filings, the expected filing date of the Annual Filings, and the issuance of a CTO against the Company.

Investors are cautioned that forward-looking information is not based on historical facts but instead reflects the expectations of Stem's management concerning future results or events based on the opinions, assumptions and estimates considered reasonable by management 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. 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. 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.