

## **urban-gro, Inc. to Continue Expanding Professional Services Capabilities to Meet Strong Demand with Acquisition of TX-based Engineering Firm, DVO, Inc.**

*October 13, 2022*

www.urban-gro.com (Nasdaq: UGRO) (“urban-gro” or the “Company”), an integrated professional services and design-build firm offering solutions to the Controlled Environment Agriculture (“CEA”) and Commercial sectors, today announced it has signed a binding letter of intent (“LOI”) to acquire Dawson Van Orden, Inc. (“DVO”), a world-class engineering firm with significant experience in indoor CEA.

In addition to mechanical, electrical, and plumbing (“MEP”) engineering services, the acquisition of the 24-person, Texas-based firm will add fire protection engineering expertise and further urban-gro’s industrial architecture capabilities. The enhancement of these offerings is expected to create new opportunities, as well as build upon DVO’s existing contracts and clients in the indoor CEA and industrial sectors.

Bradley Nattrass, Chairman and CEO of urban-gro, commented, “The addition of DVO represents an extraordinary opportunity to add depth and breadth of indoor CEA engineering expertise to our professional services offering. While this accretive and synergistic transaction increases our professional services revenues and margins along with future opportunities to leverage their existing clients, it also immediately adds a deep bench of talent and an engineering leadership structure to scale and meet the rising demand for our turnkey design build solutions. Furthermore, I’m excited about the opportunity to continue strengthening our presence in Texas, as we expect the state to be an influential future business opportunity as Cannabis legalization is considered.”

The Company will fund the \$7.25 million transaction, which includes a contingent consideration of up to \$1.1 million paid in cash or equity at the Company’s discretion, through a combination of \$1.3 million in cash, a seller’s note of \$3.8 million paid out over four quarters, and \$1.1 million of UGRO common stock at a pre-set price of \$4 per share. DVO generated approximately \$5.5 million of revenue and greater than 20% EBITDA in the trailing twelve-month period ended September 30, 2022. The Company expects to close the acquisition in the fourth quarter 2022 with the acquisition being accretive to earnings in its current fiscal year.

*Link to original press release:*

<https://ir.urban-gro.com/news-events/press-releases/detail/78/urban-gro-inc-to-continue-expanding-professional-services>