
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

CURRENT REPORT

**PURSUANT TO SECTION 13 OR 15(D) OF
THE SECURITIES EXCHANGE ACT OF 1934**

Date of Report (Date of earliest event reported): March 14, 2019

Stem Holdings, Inc.

(Exact Name of Registrant as Specified in its Charter)

Nevada

(State or Other Jurisdiction
of Incorporation)

000-55751

(Commission
File No.)

61-1794883

(IRS Employer
Identification No.)

7777 Glades Road, Suite 203, Boca Raton, FL

(Address of Principal Executive Offices)

33434

(Zip Code)

Registrant's telephone number, including area code: (561) 237-2931

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 or Rule 12b-2 of the Securities Exchange Act of 1934.

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act

Item 1.01 Entry into a Material Definitive Agreement.

As previously announced, on December 27, 2018, Stem Holdings, Inc. (the “**Company**”) entered into an Agency Agreement (the “**Agreement**”) with respect to a private offering of up to 10,000 special warrants of the Company (the “**CD Special Warrants**”) for aggregate gross proceeds of up to C\$10,000,000 (the “**Offering**”). On March 14, 2019, the Company closed the second and final tranche of the Offering, consisting of 962 CD Special Warrants at a price of C\$1,000 per CD Special Warrant for aggregate gross proceeds of C\$962,000, bringing the total aggregate proceeds for the Offering to C\$4,083,000. The Offering was led by Canaccord Genuity Inc., together with a syndicate of agents (the “**Agents**”).

Each CD Special Warrant will be exchanged (with no further action on the part of the holder thereof and for no further consideration) for one convertible debenture unit of the Company (a “**Convertible Debenture Unit**”), on the earlier of: (i) the third business day after the date on which both (A) a receipt (the “**Receipt**”) for a (final) prospectus (the “**Qualification Prospectus**”) qualifying the distribution of the Convertible

Debentures (as defined below) and Warrants (as defined below) issuable upon exercise of the CD Special Warrants has been issued by the applicable securities regulatory authorities in the Canadian jurisdictions in which purchasers of the CD Special Warrants are resident (the “**Canadian Jurisdictions**”), and (B) a registration statement (the “**Registration Statement**”) registering the resale of the common shares underlying the Convertible Debentures and Warrants has been declared effective by the Securities and Exchange Commission (the “**Registration**”); and (ii) the date that is six months following the closing of the Offering. The Company has also provided certain registration rights to purchasers of the CD Special Warrants.

Each Convertible Debenture Unit is comprised of C\$1,000 principal amount 8.0% senior unsecured convertible debenture (each, a “**Convertible Debenture**”) of the Company and 167 common share purchase warrants of the Company (each, a “**Warrant**”). Each Warrant entitles the holder to purchase one common share of the Company (each, a “**Warrant Share**”) at an exercise price of C\$3.90 per Warrant Share for a period of 24 months following the closing of the Offering.

The Company has agreed to use its best efforts to obtain the Receipt and Registration within six months following the closing of the Offering. In the event that the Receipt and Registration have not been obtained on or before 5:00 p.m. (PST) on the date that is 120 days following the closing of the Offering, each unexercised CD Special Warrant will thereafter entitle the holder thereof to receive, upon the exercise thereof and at no additional cost, 1.05 Convertible Debenture Units per CD Special Warrant (instead of 1.0 Convertible Debenture Unit per CD Special Warrant). Until the Receipt and Registration have been obtained, securities issued in connection with the Offering (including any underlying securities issued upon conversion or exercise thereof) will be subject to a 6-month hold period from the date of issue.

The Company paid the Agents a cash commission equal to 7.0% of the gross proceeds raised in the second tranche of the brokered portion of the Offering (C\$16,800). As additional consideration, the Company issued the Agents such number of non-transferable broker convertible debenture special warrants (the “**Broker CD Special Warrants**”) as is equal to 7.0% of the number of CD Special Warrants sold under the first tranche of the brokered portion of the Offering. Each Broker CD Special Warrant shall be exchanged, on the same terms as the CD Special Warrants, into broker warrants of the Company (the “**Broker Warrants**”). Each Broker Warrant entitles the holder to acquire one Convertible Debenture Unit at an exercise price of C\$1,000, until the date that is 24 months from the closing date of the Offering. The distribution of the Broker Warrants issuable upon the exchange of the Broker CD Special Warrants shall also be qualified under the Qualification Prospectus and the resale of the common shares underlying the Broker Warrants will be registered under the Registration Statement.

The net proceeds of the Offering will be used to for expansion initiatives and general corporate purposes.

The issuance of the securities was made in reliance on the exemption provided by Section 4(a)(2) of the Securities Act of 1933, as amended (the “**Securities Act**”), for the offer and sale of securities not involving a public offering, Regulation D promulgated under the Securities Act, Regulation S, in Canada to “accredited investors” within the meaning of National Instrument 45-106 and other exempt purchasers in each province of Canada, except Quebec, and/or outside Canada and the United States on a basis which does not require the qualification or registration. The securities being offered have not been registered under the Securities Act and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons absent registration or an applicable exemption from the registration requirements. This Form 8-K will not constitute an offer to sell or the solicitation of an offer to buy nor will there be any sale of the securities in any state in which such offer, solicitation or sale would be unlawful.

The foregoing description of the provisions of the Agreement and the related securities are summary in nature and are qualified in its entirety by reference to the full and complete terms of the Agreement and the related securities, copies of which are filed as exhibits to this Form 8-K.

Item 3.02 Unregistered Sales of Equity Securities.

The information in Item 1.01 above is incorporated herein by reference.

Item 8.01. Other Events.

On March 15, 2019, the Company issued a press release announcing that closing of the second tranche of the Offering. The press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

Item 9.01 (d). Financial Statements and Exhibits.

Exhibit	Description
4.1	<u>Special Warrant Indenture and Form of CD Special Warrants</u>
4.2	<u>Convertible Debenture Indenture and Form of Convertible Debenture</u>
4.3	<u>Warrant Indenture and Form of Investor Warrants</u>
4.4	<u>Form of Brokers’ Warrants and Agents’ Commission Warrants</u>
10.1	<u>Agency Agreement dated as of December 27, 2018</u>

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Stem Holdings, Inc.

By: /s/ Adam Berk

Name: Adam Berk

Title: CEO

Dated: March 18, 2019



Stem Holdings Inc. Announces Second Round Closing of Private Placement Led by Canaccord Genuity Corp.

BOCA RATON, March 14, 2019 – Stem Holdings Inc. (OTCQB: STMH CSE: STEM) (the "Company" or "Stem") announces it has closed the second tranche of a brokered and non-brokered private placement, pursuant to which the Company issued 962 special warrants of the Company (the "CD Special Warrants") at a price of C\$1,000 per CD Special Warrant for aggregate gross proceeds of C\$962,000. The closing of this second tranche represents the final tranche of the Company's previously announced offering of special warrants of the Company (the "Offering"), which raised aggregate gross proceeds of C\$4,083,000.

The Offering was led by Canaccord Genuity Inc., together with a syndicate of agents (collectively, the "Agents").

Each CD Special Warrant will be exchanged (with no further action on the part of the holder thereof and for no further consideration) for one convertible debenture unit of the Company (a "Convertible Debenture Unit"), on the earlier of: (i) the third business day after the date on which both (A) a receipt (the "Receipt") for a (final) prospectus (the "Qualification Prospectus") qualifying the distribution of the Convertible Debentures (as defined below) and Warrants (as defined below) issuable upon exercise of the CD Special Warrants has been issued by the applicable securities regulatory authorities in the Canadian jurisdictions in which purchasers of the CD Special Warrants are resident (the "Canadian Jurisdictions"), and (B) a registration statement (the "Registration Statement") registering the resale of the common shares underlying the Convertible Debentures and Warrants has been declared effective by the Securities and Exchange Commission (the "Registration"); and (ii) September 14, 2019. The Company has also provided certain registration rights to purchasers of the CD Special Warrants.

Each Convertible Debenture Unit is comprised of C\$1,000 principal amount 8.0% senior unsecured convertible debenture (each, a "Convertible Debenture") of the Company and 167 common share purchase warrants of the Company (each, a "Warrant"). Each Warrant entitles the holder to purchase one common share of the Company (each, a "Warrant Share") at an exercise price of C\$3.90 per Warrant Share for a period of 24 months following the closing of the second tranche of the Offering.

In connection with the closing of the first tranche of the Offering, the Company agreed to use its best efforts to obtain the Receipt and Registration within six months following the closing of the first tranche of the Offering. In the event that the Receipt and Registration have not been obtained on or before 5:00 p.m. (PST) on July 12, 2019, each unexercised CD Special Warrant will thereafter entitle the holder thereof to receive, upon the exercise thereof and at no additional cost, 1.05 Convertible Debenture Units per CD Special Warrant (instead of 1.0 Convertible Debenture Unit per CD Special Warrant). Until the Receipt and Registration have been obtained, securities issued in connection with the Offering (including any underlying securities issued upon conversion or exercise thereof) will be subject to a 6-month hold period from the date of issue.

The Company paid the Agents a cash commission equal to 7.0% of the gross proceeds raised in the second tranche of the brokered portion of the Offering. As additional consideration, the Company issued the Agents such number of non-transferable broker convertible debenture special warrants (the "**Broker CD Special Warrants**") as is equal to 7.0% of the number of CD Special Warrants sold under the second tranche of the brokered portion of the Offering. Each Broker CD Special Warrant shall be exchanged, on the same terms as the CD Special Warrants, into broker warrants of the Company (the "**Broker Warrants**"). Each Broker Warrant entitles the holder to acquire one Convertible Debenture Unit at an exercise price of C\$1,000, until the date that is 24 months from the closing date of the second tranche of the Offering. The distribution of the Broker Warrants issuable upon the exchange of the Broker CD Special Warrants shall also be qualified under the Qualification Prospectus and the resale of the common shares underlying the Broker Warrants will be registered under the Registration Statement.

The net proceeds of the Offering will be used to for expansion initiatives and general corporate purposes.

The securities being offered have not been registered under the United States Securities Act of 1933, as amended, and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons absent registration or an applicable exemption from the registration requirements. This news release will not constitute an offer to sell or the solicitation of an offer to buy nor will there be any sale of the securities in any state in which such offer, solicitation or sale would be unlawful.

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.

The CSE does not accept responsibility for the adequacy or accuracy of this release.

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 proposed use of proceeds of the Offering, and (ii) the filing of the Qualification Prospectus and the Registration Statement and the timing thereof.

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.

For further information, please contact:

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