



Stem Holdings Announces Proposed Warrant and Debenture Repricing

BOCA RATON, Fla. – Stem Holdings, Inc. (OTCQX: 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, is pleased to announce the Company’s intent to reprice the outstanding underlying securities of the 4287 Special CD warrants of the company issued pursuant to the Company’s special warrant financing, which closed on December 27, 2018 and March 14, 2019. The Company intends to reprice the share purchase warrants of the Company (the “**Warrants**”) to C\$1.50 per Common Share (as defined herein) and reprice the convertible debentures of the Company (the “**Convertible Debentures**”) at C\$1.15 per Common Share (the “**New Conversion Price**”).

Additionally, the Company intends to: (i) extend the maturity date of the Convertible Debentures to three years from the date of issuance; and (ii) permit the Company to force the conversion of the principal amount of the then outstanding Convertible Debentures and any accrued and unpaid interest thereof at the New Conversion Price on not less than 30 days’ prior written notice if the closing trading price of the shares of common stock of Stem (the “**Common Shares**”) exceeds C\$1.90 for a period of 10 consecutive trading days on the CSE (collectively, the “**Proposed Debenture Amendments**”). The Warrants will also include an early acceleration feature in accordance with the policies of the CSE (as defined herein).

The repricing of the Warrants, the repricing of the Convertible Debentures and the Proposed Debenture Amendments are subject to approval by the Canadian Securities Exchange (the “**CSE**”) and the approval of the holders of the Warrants (the “**Warrantholders**”) and the holders of the Debentures (the “**Debentureholders**”).

Debentureholder and Warrantholder approval will be sought at a meeting of Warrantholders (the “**Warrantholder Meeting**”) and a meeting of the Debentureholders (the “**Debentureholder Meeting**”). The Company intends to deliver notice of the Warrantholder Meeting and the Debentureholder Meeting to registered Warrantholders and registered Debentureholders in due course. Meeting materials for the Warrantholder Meeting and the Debentureholder Meeting will also be available on SEDAR concurrent with the mailing of meeting materials to registered Warrantholders and registered Debentureholders.

About Stem Holdings, Inc.

Stem Holdings, Inc. (OTCQX: STMH CSE: STEM) is a leading cannabis and hemp 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 brands are the foundation of the Company’s expansion into current and 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, building value for shareholders.

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 the proposed amendments to the Warrants and Debentures and the holding of the Warrantholder Meeting and the Debentureholder Meeting. Forward-looking information is often identified by the

words “may”, “would”, “could”, “should”, “will”, “intend”, “plan”, “anticipate”, “believe”, “estimate”, “expect” or similar expressions.

Investors are cautioned that forward-looking information is not based on historical facts but instead reflect the management of Stem’s expectations 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. 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.

For further information, please contact:

Media Contact:

Mauria Betts
Director of Branding and Public Relations
(971) 266-1908
mauria@stemholdings.com

Investor Relations:

John Mills
ICR, LLC
(646) 277-1254
john.mills@ICRinc.com

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