



Stem Holdings Announces Pricing of Public Offering of Units

/NOT FOR DISSEMINATION IN THE UNITED STATES OR FOR DISTRIBUTION TO U.S. WIRE SERVICES/

BOCA RATON, FL, December 15, 2020 – Stem Holdings, Inc. (OTCQX: STMH, CSE: STEM) (“**Stem**” or the “**Company**”) a leading vertically-integrated cannabis and hemp branded products company with cultivation, processing, extraction, retail, and distribution operations, announced today that it has priced its previously announced marketed public offering (the “**Offering**”) of units of the Company (the “**Units**”). The Company intends to issue the Units at a price of C\$0.55 per Unit. The maximum number of Units to be offered by the Company will be determined in the context of the market prior to the filing of the final short form prospectus in respect of the Offering.

Each Unit shall be comprised of one share in the common stock of the Company (each a “**Unit Share**”) and one share purchase warrant of the Company (each, a “**Warrant**”). Each Warrant will be exercisable to acquire one share in the common stock of the Company (each, a “**Warrant Share**”) for a period of 24 months following the Closing Date (as defined herein) at a price per Warrant Share of \$0.68, subject to adjustment in certain events.

The Offering is being led by Canaccord Genuity Corp. (the “**Agent**”) on a ‘commercially reasonable efforts’ basis.

The Company intends to grant the Agent an option (the “**Over-Allotment Option**”) to purchase such number of additional Units as is equal to 15% of number of Units sold pursuant to the Offering at the Offering Price, which Over-Allotment Option will be exercisable at any time and from time-to-time, for a period of 30 days following the Closing Date.

The net proceeds raised under the Offering will be used for working capital and general corporate purposes.

The Offering is expected to close in January 2021 (the “**Closing Date**”) and is subject to certain conditions including, but not limited to the execution of an agency agreement and the receipt of all necessary regulatory approvals including the approval of the Canadian Securities Exchange (the “**Exchange**”) and the applicable securities regulatory authorities.

The Company has given notice to list the Unit Shares and the Warrant Shares (including the Unit Shares and Warrant Shares issuable upon due exercise of the Over-Allotment Option) on the Exchange. Listing will be subject to the Company fulfilling all of the requirements of the Exchange.

The Units are to be offered on a commercially reasonable efforts agency basis through the Agent by way of short form prospectus filed in all provinces of Canada (except Québec) and in such other jurisdictions outside of Canada and the United States on an exempt basis in accordance with applicable securities laws. The securities described in this press release have not been and will not be registered under the United States Securities Act of 1933, as amended (“**U.S. Securities Act**”) or any state securities laws.

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 delivery 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 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, without limitation, expectations and assumptions regarding timing and potential completion of the Offering; satisfaction of regulatory requirements in various jurisdictions; the listing of the Unit Shares and Warrant Shares on the Exchange; distribution arrangements; and the use of the net proceeds of the Offering.

Investors are cautioned that forward-looking information is not based on historical facts but instead reflects 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; 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; adverse changes in the application or enforcement of current laws, including those related to taxation; political risk; 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.

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