

**TERM SHEET
STEM HOLDINGS, INC.
PUBLIC OFFERING OF UNITS**

April 19, 2021

An final short form prospectus containing important information relating to the securities described in this document has been filed with the securities regulatory authorities in all provinces of Canada (except Québec). A copy of the final short form prospectus, and any amendment, is required to be delivered with this document.

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This document does not provide full disclosure of all material facts relating to the securities offered. Investors should read the final short form prospectus and any amendment, for disclosure of those facts, especially risk factors relating to the securities offered, before making an investment decision.

- Issuer:** Stem Holdings, Inc. (the “Company”).
- Gross Proceeds:** Minimum offering of C\$9,000,000 and maximum offering of C\$9,500,000 (the “Offering”), subject to the exercise of the Over-Allotment Option (as defined below).
- Issue Size:** Minimum offering of 16,363,636 units (the “Units”) of the Company and maximum offering of 17,272,728 Units, subject to exercise of the Over-Allotment Option.
- Terms:** Commercially reasonable efforts basis subject to a formal agency agreement.
- Units:** Each Unit shall consist of one common share and one common share purchase warrant of the Company (each, a “Warrant”). Each Warrant shall be exercisable to acquire one common share of the Company (a “Warrant Share”) for a period of 24 months following the Closing Date (as hereinafter defined) at an exercise price of C\$0.68 per share, subject to adjustment in certain events.
- Issue Price:** C\$0.55 (the “Issue Price”).
- Over-Allotment Option:** The Company has granted the Agent (as defined below) an over-allotment option (the “Over-Allotment Option”) to arrange for the sale of up to an additional 15% of the Units at the Issue Price, which Over-Allotment Option is exercisable for a period for 30 days following the Closing Date.

- Selling Jurisdictions:** The Units will be offered in all provinces of Canada (except Québec) pursuant to a short form prospectus and in offshore jurisdictions, other than the United States, without the need to file a prospectus or registration statement.
- Listing:** It is a condition of the Offering that the Common Shares (including the Warrant Shares issuable upon exercise of the Warrants) are listed on the Canadian Securities Exchange.
- U.S. Non-Brokered Offering:** The Company is proposing to complete a non-brokered offering in the United States (the “U.S. Offering”) of up to C\$535,000 of units (each comprised of one Common Share and one Warrant) on the same terms as the Offering. The Agent will not be acting as agent in respect of the U.S. Offering and will not be paid a fee in respect thereof
- Use of Proceeds:** The net proceeds from the Offering are expected to be used for working capital and in furtherance of some or all of the business objectives described in the final short form prospectus.
- Eligibility:** Eligible for RRSP, RESP, RRIF, TFSA and DPSP accounts.
- Commission:** The Company shall pay to the Agent a cash fee equal to 7% (the “Agent’s Commission”) of the gross proceeds raised under the Offering, subject to a reduction to 1% for purchasers on the president’s list (the “President’s List”). In addition, the Company shall grant the Agent such number of brokers’ warrants (the “Broker Warrants”) as is equal to 7% of the number of Units issued and sold by the Company pursuant to the Offering, subject to a reduction to 3.5% for purchasers on the President’s List. Each Broker Warrant will be exercisable for a period of 24 months following the Closing Date to acquire one Common Share of the Company at an exercise price per share equal to the Issue Price, subject to adjustment in certain events.
- Agent:** Canaccord Genuity Corp. shall act as sole book-runner (the “Agent”).
- Closing Date:** On or about April 23, 2021 (the “Closing Date”).