

## SUPPLEMENTAL INDENTURE

Supplemental Indenture, dated as of December 1, 2023 among STEM HOLDINGS, INC., a corporation duly organized and existing under the laws of Nevada (the “**Corporation**”) and OLYMPIA TRUST COMPANY, a trust company duly organized and existing under the laws of Alberta, as trustee (the “**Indenture Trustee**”).

### **RECITALS OF THE CORPORATION:**

**WHEREAS** the Corporation and the Indenture Trustee are parties to a trust indenture dated as of December 27, 2018 (the “**Original Indenture**”), as supplemented by a first supplemental indenture dated as of March 6, 2020 (the “**First Supplemental Indenture**”), as further supplemented by a supplemental indenture dated as of March 17, 2020, a second supplemental indenture dated April 9, 2020 (the “**Second Supplemental Indenture**”) a third supplemental indenture dated as of June 27, 2022 (the “**Third Supplemental Indenture**”) and as further supplemented from time to time (the Original Indenture, the First Supplemental Indenture, the Second Supplemental Indenture and the Third Supplemental Indenture, collectively, the “**Indenture**”).

**AND WHEREAS** pursuant to Section 2.4 of the Original Indenture, the first series of Debentures (the “**Initial Debentures**”) were designated as “8.00% Senior Unsecured Convertible Debentures”.

**AND WHEREAS** the Corporation issued \$3,277,050 in principal amount of Initial Debentures on June 27, 2019 and \$1,010,000 in principal amount of Initial Debentures on September 14, 2019.

**AND WHEREAS** pursuant to Section 11.11(c) of the Original Indenture, a meeting of Debentureholders (as defined herein) shall have the powers exercisable from time to time by Extraordinary Resolution to, among other things, authorize the Indenture Trustee to assent to any modification of or change in or addition to or omission from the provisions contained in the Original Indenture.

**AND WHEREAS** by a meeting of the holders of the Initial Debentures (the “**Debentureholders**”) held on November 29, 2023, the Debentureholders approved an Extraordinary Resolution to give authority to the Indenture Trustee to amend the Indenture to: (i) reprice the Initial Debentures from the current conversion price of US\$0.10 per share of Common Stock of the Corporation (the “**Common Shares**”) to US\$0.01 per Common Share (the “**New Conversion Price**”); and (ii) permit the Corporation to force the conversion of the principal amount of the then outstanding Initial Debentures and any accrued and unpaid interest thereon at the New Conversion Price at any time, in the sole discretion of the Corporation (collectively, the “**Approved Amendments**”).

**AND WHEREAS** the Corporation and the Indenture Trustee desire to amend the Indenture to give effect to the Approved Amendments.

**AND WHEREAS** all conditions precedent under the Indenture have been complied with to permit the Corporation and the Indenture Trustee to enter into this Supplemental Indenture.

**NOW THEREFORE** it is hereby covenanted and agreed as set forth herein:

1. **Interpretation.** All capitalized terms used but not defined herein shall have the meanings set forth in the Indenture, as applicable. In the event of any inconsistency between the terms in the Indenture and this Supplemental Indenture, the terms in this Supplemental Indenture prevail.

2. **Amendments.**

(a) The first sentence of the second paragraph in Section 2.4(e) of the Original Indenture is hereby deleted and replaced with the following:

“The Conversion Price in effect on the date hereof and that shall apply for each Common Share to be issued upon the conversion of the Initial Debentures shall be equal to US\$0.01.”

(b) Section 2.4(h) of the Original Indenture is hereby deleted and replaced with the following:

“(h) The Corporation shall have the right to convert (the “**Mandatory Conversion Right**”) all of the outstanding principal amount of the Initial Debentures and any accrued and unpaid interest thereon into Common Shares at the Conversion Price, at any time, in the sole discretion of the Corporation. The terms and conditions of such Mandatory Conversion Right are as follows:

(i) If the Corporation elects to exercise its Mandatory Conversion Right, the Corporation shall issue a press release announcing the exercise of the Mandatory Conversion Right and the effective date of the conversion (the “**Mandatory Conversion Date**”) and provide written notice to the Indenture Trustee of the exercise of the Mandatory Conversion Right (the “**Mandatory Conversion Notice**”) setting out: (A) the Mandatory Conversion Date; (B) the Conversion Price then in effect (which is US\$0.01 as of the date hereof) (the “**Mandatory Conversion Price**”); and (C) the number of Common Shares to be issued per \$1,000 principal amount of Initial Debenture.

(ii) Upon receipt of the Mandatory Conversion Notice, the Indenture Trustee shall promptly give such Mandatory Conversion Notice to the holders of the Initial Debentures. Such notice shall specify the Mandatory Conversion Date, the Mandatory Conversion Price, and shall state that interest upon the principal amount of Initial Debentures shall cease to be payable from and after the Mandatory Conversion Date.

(iii) The Corporation’s right to exercise the Mandatory Conversion Right shall be conditional upon the following conditions being met on the Business Day preceding the Mandatory Conversion Date:

(A) the conditional listing of the Common Shares, issuable on exercise of the Mandatory Conversion Right, on each recognized stock exchange on which the Common Shares are then listed subject only to customary conditions of listing;

(B) the Corporation being a reporting issuer (or its equivalent) in good standing under applicable Canadian securities law in any jurisdiction in Canada;

- (C) no Event of Default shall have occurred and be continuing; and
  - (D) the receipt by the Indenture Trustee of a certificate stating that conditions (A), (B) and (C) above have been satisfied.
- (iv) In the event that the Corporation duly exercises its Mandatory Conversion Right, upon presentation and surrender of the Initial Debentures for payment on the Mandatory Conversion Date, at any place where a register is maintained pursuant to Section 2.8 or any other place specified in the Mandatory Conversion Notice, the Corporation shall deliver to the Indenture Trustee for delivery to and on account of the holders, of such number of Common Shares as is equal to the number of Common Shares to which such holders are entitled.
  - (v) If any fractional interest in a Common Share would be deliverable upon the exercise of the rights set out in this Section, the number of Common Shares issued shall be rounded down to the nearest whole number. For the avoidance of doubt, no consideration will be paid in lieu of fractional Common Shares.
  - (vi) A holder shall be treated as the shareholder of record of the Common Shares issued on due exercise by the Corporation of the Mandatory Conversion Right effective immediately after the close of business on the Mandatory Conversion Date, and shall be entitled to all substitutions therefor, all income earned thereon or accretions thereto and all dividends or distributions (including share dividends and dividends in kind) thereon and arising thereafter, and in the event that the Indenture Trustee receives the same, it shall hold the same in trust for the benefit of such holder.
  - (vii) The Corporation shall at all times reserve and keep available out of its authorized Common Shares (if the number thereof is or becomes limited) solely for the purpose of issue and delivery upon the exercise of the Mandatory Conversion Right as provided herein, and shall issue to Debentureholders to whom Common Shares will be issued pursuant to exercise of the Mandatory Conversion Right, such number of Common Shares as shall be issuable in such event. All Common Shares which shall be so issuable shall be duly and validly issued as fully paid and non-assessable.
  - (viii) Each certificate representing Common Shares issued upon exercise of the Mandatory Conversion Right shall bear such legends as may be required to comply with any law or with any rules or regulations pursuant thereto or with any rules or regulations of any stock exchange or securities regulatory authority or to conform with general usage, all as may be determined by the director or officer of the Corporation.
  - (ix) In case a holder of Initial Debentures converted into Common Shares in connection with the Mandatory Conversion Right fails on or before the Mandatory Conversion Date to surrender such holder's Initial Debentures or to take delivery of Common Shares issuable in respect thereof, or give such receipt therefor, if any, as the Indenture Trustee may require, such

Common Shares may be set aside and held in trust in the deposit department of the Indenture Trustee and such setting aside shall for all purposes be deemed a payment to the Debentureholder of Common Shares so set aside and, to that extent, the Initial Debentures shall thereafter not be considered as outstanding hereunder and the Debentureholder shall have no other right except to take delivery of the certificates so deposited upon surrender and delivery up of such holder's Initial Debentures.

(x) In the event that any Common Shares required to be deposited hereunder with the Indenture Trustee shall remain so deposited for a period of five years from the Mandatory Conversion Date, then such Common Share and any distribution paid thereon, shall at the end of such period be paid over or delivered over by the Indenture Trustee or such depository or paying agent to the Corporation on its demand.”

(c) The form of Initial Debenture attached as Schedule “A” to the Original Indenture is hereby amended to give effect to the amendments set forth in Sections 2(a) and 2(b) herein.

3. **Effect and Operation of Supplemental Indenture.** This Supplemental Indenture shall be effective and binding immediately upon its execution by the parties hereto, and thereupon this Supplemental Indenture shall form a part of the Indenture for all purposes. Except as modified and amended by this Supplemental Indenture, all provisions of the Indenture shall remain in full force and effect.
4. **Applicable Law.** This Supplemental Indenture shall be construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein and shall be treated in all respects as an Ontario contract.
5. **Effect of Headings.** The insertion of headings into this Supplemental Indenture are for convenience of reference only and shall not affect the construction or interpretation of this Supplemental Indenture.
6. **The Indenture Trustee.** The Indenture Trustee shall not be responsible in any manner whatsoever for or in respect of, and makes no representations as to, the validity or sufficiency of this Supplemental Indenture or for or in respect of the recitals contained herein, all of which recitals are made solely by the Corporation.

*[Remainder of Page Intentionally Left Blank.]*

**IN WITNESS WHEREOF**, the parties have caused this Supplemental Indenture to be executed as of the day first written above.

**OLYMPIA TRUST COMPANY**, as  
Indenture Trustee

By: (signed) "Dean Naugler"  
Name: Dean Naugler  
Title: VP, Corporate & Shareholder Services

By: (signed) "Simon Law"  
Name: Simon Law  
Title: Manager, Corporate Trust

**STEM HOLDINGS, INC.**

By: (signed) "Matthew J. Cohen"  
Name: Matthew J. Cohen  
Title: Chief Executive Officer