

StateHouse Holdings Applauds Cannabis Reform Measures Announced by President Biden

– Potential rescheduling under federal law has significant benefits for the legal cannabis industry⁽¹⁾ –

SAN DIEGO and TORONTO, Oct. 7, 2022 /CNW/ - StateHouse Holdings Inc. ("StateHouse" or the "Company") (CSE: STHZ) (OTCQX: STHZF), a California-focused, vertically integrated cannabis enterprise, today applauded President Joe Biden for [announcing](#) substantial reforms to cannabis enforcement in the United States.

On Thursday, the President announced a proposed blanket pardon for people convicted of federal marijuana possession offences, and asked state governors to do the same. In addition, he said that the Secretary of Health and Human Services and Attorney General have been asked to "expeditiously" review how cannabis is scheduled under federal law.

"These are common-sense and long-overdue measures," said Ed Schmults, Chief Executive Officer of StateHouse. "We are, first of all, delighted that the President is pardoning the many thousands of people whose lives have been horribly impacted by minor possession offenses. Secondly, we believe that re-scheduling, or outright de-scheduling, of cannabis would be a very positive catalyst for the legal industry⁽¹⁾."

Cannabis is currently classified in Schedule I of the Controlled Substances Act. As the White House noted, this is the same schedule as dangerous drugs such as heroin and LSD. This illogical classification has remained in place even as states have rapidly legalized and/or decriminalized medical and recreational cannabis over the last decade.

The Schedule I status has severely limited institutional investment, reduced access to banking services, resulted in punitive federal taxation under the IRS 280E Tax Code, and prevented listings on major stock exchanges, among other challenges. As a result, the growth of the legal cannabis industry relative to the illicit market has been inhibited.

"The potential benefits to StateHouse from the removal of the Schedule I classification are substantial⁽¹⁾," said Mr. Schmults. "It could open us up to vast amounts of potential new investment, reduce our future tax obligations, and eliminate a source of uncertainty that impacts the entire industry. This announcement is one that the legal cannabis industry has awaited for years. We congratulate President Biden on initiating this reform and believe that it could drive significant value for our investors."

Notes

(1) This is forward-looking information and based on a number of assumptions. See "Cautionary Note Regarding Forward-Looking Information" below.

About StateHouse

StateHouse, a vertically integrated enterprise with cannabis licenses covering retail, major brands, distribution, cultivation, nursery and manufacturing, is one of the oldest and most respected cannabis companies in California. Founded in 2006, its predecessor company Harborside was awarded one of the first six medical cannabis licenses granted in the United States. Today, the Company operates 14 dispensaries covering Northern and Southern California and one in Oregon, distribution facilities in San Jose and Los Angeles, California and integrated cultivation/production facilities in Salinas and Greenfield, California. StateHouse is a publicly listed company, currently trading on the Canadian Securities Exchange ("CSE") under the ticker symbol "STHZ" and the OTCQX under the ticker symbol "STHZF". The Company continues to play an instrumental role in making cannabis safe and accessible to a broad and diverse community of California and Oregon consumers.

Cautionary Note Regarding Forward-Looking Information

This news release contains "forward-looking information" and "forward-looking statements" (collectively, "forward-looking statements") within the meaning of the applicable Canadian and United States securities legislation. To the extent any forward-looking information in this news release constitutes "financial outlooks" or "future-oriented financial information" within the meaning of applicable Canadian securities laws, the reader is cautioned not to place undue reliance on such information. All statements, other than statements of historical fact, are forward-looking statements and are based on expectations, estimates, and projections as at the date of this news release. Any statement that involves discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions, future events or performance (often but not always using phrases such as "expects", or "does not expect", "is expected", "anticipates" or "does not anticipate", "plans", "budget", "scheduled", "forecasts", "estimates", "believes" or "intends" or variations of such words and phrases or stating that certain actions, events or results "may" or "could", "would", "might" or "will" be taken to occur or be achieved) are not statements of historical fact and may be forward-looking statements. In this news release, forward-looking statements include, among other things, statements relating to the potential re-scheduling or de-scheduling of cannabis under the Controlled Substances Act, and the potential benefits of this change to StateHouse.

These forward-looking statements are based on reasonable assumptions and estimates of management of the Company at the time such statements were made. Actual future results may differ materially as forward-looking statements involve known and unknown risks, uncertainties, and other factors which may cause the actual results, performance, or achievements of the Company to materially differ from any future results, performance, or achievements expressed or implied by such forward-looking statements. Such factors, among other things, include: implications of the COVID-19 pandemic on the Company's operations; fluctuations in general macroeconomic conditions; fluctuations in securities markets; expectations regarding the size of the cannabis markets where the Company operates; changing consumer habits; the ability of the Company to successfully achieve its business objectives; plans for expansion and acquisitions; political and social uncertainties; inability to obtain adequate insurance to cover risks and hazards; employee relations; the presence of laws and regulations that may impose restrictions on cultivation, production, distribution, and sale of cannabis and cannabis-related products in the markets where the Company operates; and the risk factors set out in the Company's management's discussion and analysis for the period ended March 31, 2022 and the Company's listing statement dated May 30, 2019, which are available under the Company's profile on www.sedar.com. Although the forward-looking statements contained in this news release are based upon what management of the Company believes, or believed at the time, to be reasonable assumptions, the Company cannot assure shareholders that actual results will be consistent with such forward-looking statements, as there may be other factors that cause results not to be as anticipated, estimated or intended. Readers should not place undue reliance on the forward-looking statements and information contained in this news release. The Company assumes no obligation to update the forward-looking statements of beliefs, opinions, projections, or other factors, should they change, except as required by law.

The Company, through several of its subsidiaries, is directly involved in the manufacture, possession, use, sale, and distribution of cannabis in the recreational and medicinal cannabis marketplace in the United States. Local state laws where the Company operates permit such activities however, investors should note that there are significant legal restrictions and regulations that govern the cannabis industry in the United States. Cannabis remains a Schedule I drug under the United States Controlled Substances Act, making it illegal under federal law in the United States to, among other

things, cultivate, distribute or possess cannabis in the United States. Financial transactions involving proceeds generated by, or intended to promote, cannabis-related business activities in the United States may form the basis for prosecution under applicable United States federal money laundering legislation.

While the approach to enforcement of such laws by the federal government in the United States has trended toward non-enforcement against individuals and businesses that comply with recreational and medicinal cannabis programs in states where such programs are legal, strict compliance with state laws with respect to cannabis will neither absolve the Company of liability under United States federal law, nor will it provide a defense to any federal proceeding which may be brought against the Company. The enforcement of federal laws in the United States is a significant risk to the business of the Company and any proceedings brought against the Company thereunder may adversely affect the Company's operations and financial performance.

This news release does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States. The Company's securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") or any state securities laws and may not be offered or sold within the United States or to U.S. Persons unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available.

The CSE has neither approved nor disapproved the contents of this news release. Neither the CSE nor its Market Regulator (as that term is defined in the policies of the CSE) accepts responsibility for the adequacy or accuracy of this release.

View original content to download multimedia:

<https://www.prnewswire.com/news-releases/statehouse-holdings-applauds-cannabis-reform-measures-announced-by-president-biden-301643943.html>

SOURCE StateHouse Holdings Inc.

View original content to download multimedia: <http://www.newswire.ca/en/releases/archive/October2022/07/c4884.html>

%SEDAR: 00013218E

For further information: Investors: Philip Koven, Bay Street Communications, pkoven@baystreetcommunications.com, 647-496-7858; Ed Schmults, CEO, StateHouse Holdings Inc., 800-892-4209; Media: Chris Goddard, CGPR, chris@cgprpublicrelations.com, 781-640-8387

CO: StateHouse Holdings Inc.

CNW 14:06e 07-OCT-22