

# StateHouse Holdings Announces Senior Management and Board of Directors Changes

SAN DIEGO and TORONTO, Dec. 30, 2022 /CNW/ - StateHouse Holdings Inc. ("StateHouse" or the "Company") (CSE: STHZ) (OTCQX: STHZF), a California-focused, vertically integrated cannabis enterprise, today announced that Tom DiGiovanni, Chief Financial Officer, will step down from his role with the Company at year-end 2022 and Kavi Bhai, formerly Vice-President of Financial Planning and Analysis, has been appointed to the role of Chief Financial Officer effective of December 31<sup>st</sup>, 2022. In addition, Tiffany Liff has resigned from the Company's Board of Directors, effective December 30, 2022 for reasons unrelated to StateHouse.

"StateHouse is fortunate to have already had a person of Kavi's caliber on our team who has proved himself with his work ethic, intelligence, financial and industry knowledge and cultural fit. He has been working closely with Tom and we anticipate a smooth transition," said Ed Schmults, Chief Executive Officer of StateHouse. "Tom provided strong financial leadership and guidance during an integral period when we combined four separate entities into our now unified company. We thank Tom for the important role he has played in the development of StateHouse into a leading producer, marketer and retailer of cannabis products in California and wish him well in his future endeavors,"

Mr. Schmults added, "On behalf of the Board and our entire leadership team, I would like to thank Tiffany for her efforts, advice, and professionalism during her time with the Board. We wish her the best in her future endeavors."

"I am proud of my contributions during the creation of California's top cannabis enterprise," said Mr. DiGiovanni. "Additionally, I am particularly pleased that, through the launch of the largest solar microgrid project in the United States cannabis industry, StateHouse will further the use of renewable energy to grow cannabis. I am confident that the strong StateHouse team will continue to build on the great foundation we have established, and that StateHouse will emerge as a leading developer of the California cannabis market."

## Financing Update

As previously announced, the Company continues to engage in discussions with Pelorus Equity Group ("Pelorus") related to potential future financing options. As of December 21, 2022 the Series A debtholders have granted StateHouse a one month extension on repayment of the Company's outstanding debt obligations in respect of its Series A Indebtedness.

## Option and RSU Grant

The Company granted a total of 800,000 options to purchase common shares of StateHouse to certain directors, officers and employees pursuant to the Company's Stock Option Plan. The options vest in equal annual installments over a period of four years from the date of grant and expire 5 years from the date of grant. In addition, the Company has issued a total of 400,000 restricted share units ("RSUs") to certain directors, officers and employees of the Company in accordance with the Company's Restricted Share Unit Plan. The RSUs will vest in equal annual installments over a period of four years from the date of grant. Once vested, each RSU represents the right to receive one common share of the Company or the equivalent cash value thereof, at the Company's discretion.

## 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 13 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, Mr. Bhai filling the role of interim CFO and the timing of Mr. DiGiovanni's departure.

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 September 30, 2022 and the Company's listing statement dated May 30, 2019, which are available under the Company's profile on [www.sedar.com](http://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.

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