



# STATEHOUSE

H O L D I N G S

## **StateHouse Announces Canadian Parent Enters Bankruptcy Proceedings in Canada following Initiation of Receivership Proceedings in the U.S.**

October 10, 2024

SAN DIEGO and TORONTO, Oct. 10, 2024 (GLOBE NEWSWIRE) -- [StateHouse Holdings Inc.](#) ("StateHouse" or the "Company") (CSE: STHZ) (OTCQB: STHZF), a California-focused, vertically integrated cannabis company, today announced that StateHouse has made an assignment into bankruptcy pursuant to Canada's *Bankruptcy and Insolvency Act* (the "Bankruptcy Proceedings").

On September 25, 2024, Pelorus Fund REIT, LLC filed a complaint in the San Diego Superior Court seeking, among other remedies, that StateHouse and its various subsidiaries be placed into receivership (the "Receivership Proceedings"). Additionally, Pelorus Fund REIT, LLC, Pelorus Fund LOC, LLC and holders of a majority in principal amount of the Company's 9.0% secured notes due April 2025 (collectively, the "Lenders"), provided notices to the Company that the Company is in default of its payment obligations pursuant to certain loans advanced by the Lenders to StateHouse and various subsidiaries of the Company (collectively, the "Loans").

In connection with the Receivership Proceedings, the Company and the Lenders entered into a stipulation dated October 9, 2024 for the appointment of a receiver to preserve the ongoing operations of the business in California. Further updates regarding the Receivership Proceedings in the United States and the operations of the business in California will be provided in due course.

The difficult decision to commence the Bankruptcy Proceedings for the Canadian parent entity, StateHouse, was made following receipt of notice from the Lenders after careful consideration of the current financial condition of the Company and its subsidiaries, the Company's inability to pay their liabilities as they become due, the Receivership Proceedings in the U.S. initiated by Pelorus Fund REIT, LLC and the months long negotiations between the Company, the Lenders and various other secured creditors of the Company.

Trading on the Canadian Securities Exchange (the "CSE") has been halted and the Company anticipates that trading on the CSE will be suspended and that StateHouse will ultimately be delisted once the bankruptcy is initiated.

### **About StateHouse Holdings Inc.**

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 11 dispensaries covering Northern and Southern California, an integrated cultivation facility in Salinas and manufacturing in Greenfield, California. StateHouse is a leading brand house in California by market share, with a diversified product across multiple brands, form factors, and price points. StateHouse sells its six popular house brands to over 700 retailers across California including Kingpen, Dime Bag, Loudpack, Fuzzies, Sublime, Urbn Leaf and Smokiez line of products. StateHouse is a publicly listed company, currently trading on the Canadian Securities Exchange ("CSE") under the ticker symbol "STHZ" and the OTCQB 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. 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, the outcome of the Restructuring Proceedings; further updates regarding the Restructuring Proceedings and the operations in California; trading on the CSE; the Company's listing on the CSE and expectations for other economic, business, and/or competitive factors.

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: financing risks; risks related to restructuring proceedings in Canada and the United States; fluctuations in general macroeconomic conditions; risks related to the Company's cannabis licenses; risks related to enforcement proceedings pursuant to the Loans; risks related to bankruptcy proceedings in the United States for cannabis companies; 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 year ended December 31, 2023 and the Company's listing statement dated May 30, 2019, which are available under the Company's profile on [www.sedarplus.ca](http://www.sedarplus.ca). 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.

For the latest news, activities, and media coverage, please visit <https://www.statehouseholdings.com>, <https://shopharborside.com> and <https://urbanleaf.com> and connect with us on LinkedIn and Twitter.

For further information:

StateHouse Holdings Inc.,  
Ed Schmults, CEO,  
800-892-4209