

**FORM 7**  
**MONTHLY PROGRESS REPORT**

Name of Listed Issuer: StateHouse Holdings Inc. (“StateHouse” or the “Issuer”)

Trading Symbol: STHZ

Number of Outstanding Listed Securities: 255,931,887 common shares (the “Common Shares”).

Date: January 31, 2024

**Report on Business**

1. Provide a general overview and discussion of the development of the Issuer’s business and operations over the previous month. Where the Issuer was inactive disclose this fact.

**During the month of January, the Issuer continued to focus on its integration efforts aimed at maximizing the expected synergies to be gained from its acquisition of: (i) Sublimation Inc. in July 2021 (the “Sublimation Acquisition”); (ii) UL Holdings Inc. in March 2022; and (iii) LPF JV Corporation in April 2022.**

**J. Roy Pottle resigned from the Issuer’s board of directors effective as of January 15, 2024.**

2. Provide a general overview and discussion of the activities of management.

**In addition to the activities set forth in Item 1, the Issuer’s management continues to work on its strategic review of the business and opportunities in the marketplace (the “Strategic Review”) to maximize shareholder value, strengthen its balance sheet and fund its growth objectives. The Issuer has not established a definitive timeline to complete the Strategic Review, and no decisions related to any strategic alternative have been reached at this time. There can be no assurance as to what, if any, alternative might be pursued by the Issuer as a result of the Strategic Review. The Issuer does not intend to comment further with respect to the Strategic Review, unless and until it determines that additional disclosure is appropriate in the circumstances and in accordance with the requirements of applicable securities laws.**

3. Describe and provide details of any new products or services developed or offered. For resource companies, provide details of new drilling, exploration or production programs and acquisitions of any new properties and attach any mineral or oil and gas or other reports required under Ontario securities law.

**There were no new products or services which were developed or offered during the month.**

4. Describe and provide details of any products or services that were discontinued. For resource companies, provide details of any drilling, exploration or production programs that have been amended or abandoned.

**There were no products or services which were discontinued during the month.**

5. Describe any new business relationships entered into between the Issuer, the Issuer's affiliates or third parties including contracts to supply products or services, joint venture agreements and licensing agreements etc. State whether the relationship is with a Related Person of the Issuer and provide details of the relationship.

**Other than business relationships entered into in the normal course of business from time to time, the Issuer has no further new business relationships to report.**

6. Describe the expiry or termination of any contracts or agreements between the Issuer, the Issuer's affiliates or third parties or cancellation of any financing arrangements that have been previously announced.

**No material contracts or agreements expired or terminated during the month and no other material financing arrangements were cancelled during the month.**

7. Describe any acquisitions by the Issuer or dispositions of the Issuer's assets that occurred during the preceding month. Provide details of the nature of the assets acquired or disposed of and provide details of the consideration paid or payable together with a schedule of payments if applicable, and of any valuation. State how the consideration was determined and whether the acquisition was from or the disposition was to a Related Person of the Issuer and provide details of the relationship.

**Other than normal course business operations, there were no acquisitions or dispositions of the Issuer's assets that occurred during the month.**

8. Describe the acquisition of new customers or loss of customers.

**Aside from the acquisition or loss of retail consumers in the normal course of business, the Issuer has no further customer acquisitions or losses to report.**

9. Describe any new developments or effects on intangible products such as brand names, circulation lists, copyrights, franchises, licenses, patents, software, subscription lists and trademarks.

**None.**

10. Report on any employee hirings, terminations or lay-offs with details of anticipated length of lay-offs.

**Aside from employee hirings, terminations and lay-offs in the normal course of business, none.**

11. Report on any labour disputes and resolutions of those disputes if applicable.

**None.**

12. Describe and provide details of legal proceedings to which the Issuer became a party, including the name of the court or agency, the date instituted, the principal parties to the proceedings, the nature of the claim, the amount claimed, if any, if the proceedings are being contested, and the present status of the proceedings.

***San Jose Wellness (SJW), Patients Mutual Assistance Collective Corporation (PMACC), and FLRish, Inc.***

**As previously disclosed, the Issuer's subsidiary San Jose Wellness Solutions Corp. ("SJW") is involved in two U.S. Tax Court cases involving application of Internal Revenue Code Section 280E ("IRC Section 280E") to the business of SJW. The first case involves the 2010, 2011, and 2012 tax years, where the U.S. Internal Revenue Service ("IRS") has asserted a tax deficiency of \$2.1 million. The second case involves the 2014 and 2015 tax years, where the IRS asserted that SJW owed an additional \$2.1 million in taxes and penalties. Both proceedings involve substantially the same IRC Section 280E issues as the cases involving the Issuer's subsidiary, Patient Mutual Assistance Collective Corporation ("PMACC"), as previously reported. On February 17, 2021, the U.S. Tax Court ruled in favor of the Commissioner of Internal Revenue with respect to the SJW cases. SJW appealed the U.S. Tax Court decisions and subsequently filed a motion to withdraw its appeal in July 2021. On April 5, 2023, a payment plan application was presented to the IRS for SJW.**

**On July 20, 2022, PMACC entered into a Partial Payment Instalment Agreement (the "Agreement") with the IRS to resolve federal taxes owed by PMACC of approximately \$22.1 million. Under the Agreement, StateHouse is resolving this liability through the payment of approximately US\$5.8 million, to be made through US\$50,000 per-month payments over an expected period of 116 months, beginning in August 2022. The monthly payment amount is subject to IRS review every two years. With each review, the payments may adjust up or down depending on PMACC's**

ability to pay at that time. The Issuer does not anticipate that such reviews will result in a material increase to the payment plan.

***Michael Adams and Andrew Coleman v. Patients Mutual Assistance Corporation (PMACC)***

On or about January 10, 2020, PMACC was served with a complaint filed by plaintiff and putative class representative Mr. Michael Adams. The complaint, filed on January 7, 2020 in Superior Court of the State of California for Alameda County, alleges violations of California Business and Professions Code §17200 with respect to PMACC's employee wage payment practices, and seeks class certification with respect to a group of individual plaintiffs alleged to be similarly situated to Mr. Adams. On March 4, 2022, PMACC received a notice pursuant to the Labor Code Private Attorneys General Act ("PAGA") from former employee Andrew Coleman, a similar claim to Adams. Both matters have been assigned to counsel. It is the intent of the Issuer to prevail or settle the matter, however, given the fact that this matter is in the motions and discovery phase, it is not possible to determine or predict the scope of any resolution.

***EH Tech, Inc.***

On May 15, 2023, the Issuer received a demand for payment from EH Tech, Inc., regarding an unpaid balance for inventory. It is the intent of the Issuer to prevail or settle the matter, however, it is not possible to determine or predict the scope of any resolution at this time.

***Datasite, LLC v. Harborside Inc.***

On January 11, 2024, the Issuer received a complaint on behalf of Datasite, LLC, a former vendor of the Issuer, alleging breach of contract, account stated, and unjust enrichment. It is the intent of the Issuer to prevail or settle the matter, however, it is not possible to determine or predict the scope of any resolution at this time.

***Casters Holdings LLC dba Fyllo v. FLRish Inc.***

On January 4, 2024, FLRish Inc. received a complaint on behalf of Casters Holdings LLC, a former vendor of the Issuer, alleging breach of contract. It is the intent of the Issuer to prevail or settle the matter, however, it is not possible to determine or predict the scope of any resolution at this time.

***Sublime***

***Tony Banks v. Sublime Machining, Inc.***

On November 3, 2021, Sublime Machining, Inc. (“Sublime”) received a summons and complaint filed in the Alameda Superior Court on behalf of Sublime. The plaintiff, Tony Banks, a former employee of the Issuer, filed a complaint alleging wage and hour violations on behalf of himself and all aggrieved employees pursuant to PAGA. It is the intent of the Issuer to prevail or settle the matter, however, it is not possible to determine or predict the scope of any resolution at this time.

***Urbn Leaf***

***Lilu Financials LLC v. UL Holdings Inc., UL Management LLC, and Willie Senn***

On September 24, 2021, Urbn Leaf received a summons and complaint filed by Lilu Financials, LLC (“Lilu”). The Complaint alleges violations of a contract between the parties, under which Lilu and its principal, Roopal Patel, performed CFO services for Urbn Leaf. Alleged violations include inducement to contract; negligent misrepresentation; breach of contract; promissory estoppel; breach of implied covenant; breach of the Unruh Civil Rights Act; common counts – accounts stated and common counts – goods and services. It is the intent of the Issuer to prevail or settle the matter, however, it is not possible to determine or predict the scope of any resolution at this time.

***Bubba Likes Tortillas LLC v. San Diego Alternative Treatment dba Southwest Patient Group, et al***

In 2021, Urbn Leaf received a summons and complaint filed by Bubba Likes Tortillas, LLC alleging the following claims against a subsidiary of Urbn Leaf, Uprooted Inc. (formerly Southwest Patient Group (“Uprooted”)), and the other defendants: (1) breach of contract; (2) breach of the implied covenant of good faith and fair dealing; (3) interference with contract; (4) interference with prospective economic advantage; and (5) tort of another. More specifically, the plaintiff alleged a loss of revenue and income opportunity for violations of local regulations. These claims occurred prior to Urbn Leaf acquiring Uprooted. It is the intent of the Issuer to prevail or settle the matter, however, it is not possible to determine or predict the scope of any resolution at this time.

***Jeffrey Rivera and Natasha Heacock v. ULBP Inc. et al***

On April 19, 2022, former employees of Urbn Leaf filed a Representative Action Claim in the Superior Court, County of Santa Clara against ULBP Inc., a subsidiary of Urbn Leaf and other parties. The complaint alleges a violation of PAGA and is requesting recovery of civil penalties as prescribed by PAGA and an award of attorneys' fees and costs. It is the intent of the Issuer to prevail or settle the matter, however, it is not possible to determine or predict the scope of any resolution at this time.

***Joshua Bubeck v. StateHouse Holdings, Inc., UL Holdings Inc., UL Management LLC, Edward Schmults, and Willie Senn***

On August 25, 2022, Urbn Leaf received a complaint on behalf of a former executive and company founder, Joshua Bubeck. The claimant alleged: Breach of Fiduciary Duties; Aiding and Abetting (Breach of Fiduciary Duty); Conversion; Aiding and Abetting (Conversion); Negligent Misrepresentation; Wrongful Termination; Implied In Fact Control; Unjust Enrichment; Violation of Labor Code 432.6; Violation of Labor Code 98.6; Whistleblower Retaliation; Failure to Reimburse; Failure to Pay Wages; Failure to Pay Timely Wages; Failure to Furnish Timely and Accurate Wage Statements; and Business and Professions Code 17200. This matter has been referred to the insurance carrier. It is the intent of the Issuer to prevail or settle the matter, however, it is not possible to determine or predict the scope of any resolution at this time.

***Kate Pellacani v. ULBP Inc.***

On April 12, 2023, ULBP Inc. ("ULBP") received a complaint on behalf of Kate Pellacani, a former employee of ULBP. The complaint alleges Ms. Pellacani was misclassified as an exempt employee, resulting in unpaid wages and penalties. It further alleges failure to maintain and furnish accurate wage statements; failure to provide time records; violations of business and professions codes; failure to provide rest breaks; and failure to provide meal periods. The Issuer believes it has meritorious defenses to the alleged causes of action. The matter has been referred to the Issuer's employment litigation counsel. It is the intent of the Issuer to prevail or settle the matter, however, it is not possible to determine or predict the scope of any resolution at this time.

***Christopher Francy v. UL Holdings Inc. and William Senn***

On June 23, 2023, UL Holdings received a demand letter (the "Francy

Demand Letter”) from Christopher Francy (“Mr. Francy”), a former 680 Broadway Master LLC joint venture partner. The Francy Demand Letter alleges that the Issuer owes payment to Mr. Francy pursuant to the terms of a settlement agreement entered into between the Issuer and Mr. Francy on March 8, 2022. In addition, on September 8, 2023, UL Holdings received a summons and complaint on behalf of Mr. Francy alleging breach of contract. On January 31, 2024, the parties executed a settlement agreement, pursuant to which UL Holdings agreed to make settlement payments over time.

***Christopher Langer v. 909 West Vista Way LLC and Calgen Trading Inc.***

On October 13, 2023, 909 West Vista Way LLC (“909”) and Calgen Trading Inc. (“Calgen”) received a summons and complaint on behalf of Christopher Langer alleging violations of the Americans with Disabilities Act (“ADA”) and Unruh Civil Rights Act. The Issuer has tendered the claim to its insurance provider and referred the matter to outside counsel. On January 30, 2024, the parties executed a settlement agreement, pursuant to which 909 and Calgen agreed to make a settlement payment and ADA remediation.

***Cynthia Summers v. UL San Jose LLC***

On December 18, 2023, UL San Jose LLC received a complaint alleging successor liability from Cynthia Summers, a former employee of DFWS Inc., an entity which previously held the retail store location purchased through receivership by UL San Jose LLC in 2020. It is the intent of the Issuer to prevail or settle the matter, however, it is not possible to determine or predict the scope of any resolution at this time.

***UL Holdings as Plaintiff***

***UL Holdings Inc. v. 2220 NBC, LLC, and NBC Multinational Cultivation Company LLC***

On January 8, 2024, UL Holdings filed a complaint against 2220 NBC, LLC, and NBC Multinational Cultivation Company LLC, note obligors to UL Holdings, alleging breach of note, money lent and received, foreclosure of collateral, alter ego, and fraudulent transfer. It is the intent of the Issuer to prevail or settle the matter, however, it is not possible to determine or predict the scope of any resolution at this time.

## **Loudpack**

### ***Maria Adan v. LPF RE Manager, LLC***

In October 2020, Loudpack received a summons alleging a second wage and hour claim related to the Issuer's security screening procedures. The parties have executed a class action settlement agreement and on June 29, 2022, the trial court granted preliminary approval of the class and PAGA settlement. The settlement is now moving into the claims administration process. It is the intent of the Issuer to prevail or settle the matter, however, it is not possible to determine or predict the scope of any resolution at this time.

### ***Elliot Espinoza v. Loud Pack Farms***

In September 2021, Loudpack was served with a complaint for compensatory damages alleging claims for product liability, misrepresentation, and negligence. The plaintiff has alleged that in January 2019, he ingested Kingpen Skywalker OG and Select Adjustable Pro vaporizer products and had an adverse allergic reaction to the products resulting in serious bodily injury. Loudpack tendered a claim with its insurance carrier to assist in the defense of this matter. A mediation was scheduled for November 14, 2023. On December 21, 2023, the parties executed a settlement agreement, pursuant to which Loudpack agreed to make a settlement payment to the plaintiff to resolve all claims.

### ***Robby Castillo Ordonez and Jessica Carolina Hernandez Rodriguez de Castillo v. Holistic Healing Alternative, Inc. et al***

On July 5, 2022, the Issuer was served with a summons and complaint alleging a breach of statutory obligation, negligent exercise of retained control, premises liability, civil harassment, breach of the Bane Act and loss of consortium. The Issuer has tendered the claim to its insurance provider. It is the intent of the Issuer to prevail or settle the matter, however, it is not possible to determine or predict the scope of any resolution at this time.

### ***Rocky Willeford, individually and on behalf of all others similarly situated v. Greenfield Organix and LPF JV Corporation***

On November 2, 2022, Greenfield Organix and LPF JV Corporation received a summons and complaint alleging that Greenfield Organix and LPF JV Corporation had mislabeled product, and that a claimant is seeking

damages. The Issuer has referred the claim to its insurance provider and to outside counsel. It is the intent of the Issuer to prevail or settle the matter, however, it is not possible to determine or predict the scope of any resolution at this time.

***Fusion LLF, LLC v. Statehouse Holdings Inc.; Greenfield Organix; and ULBP Inc.***

On or around August 26, 2022, Greenfield Organix received a demand letter from Fusion LLF, LLC regarding a receivable for entities Greenfield Organix and Humboldt Partner Group, Inc. The letter demands immediate payment for a past due balance. On January 3, 2023, the Issuer received a summons and complaint from Fusion LLF, LLC alleging breach of contract, accounts stated, and right to attach order and writ of attachment regarding an unpaid balance. The complaint references agreements between Greenfield Organix and Fusion LLF, LLC. It is the intent of the Issuer to prevail in the matter, however, it is not possible to determine or predict the scope of any resolution at this time.

***Monterey County Office of the Assessor v. Greenfield Prop Owner II, LLC***

On or about October 4, 2021, Greenfield Prop Owner II, LLC (“Greenfield”) received a letter from the Monterey County Office of the Assessor regarding an appeal of supplemental assessments due to an increased assessed value for the Cherry Avenue property in Greenfield. This matter has been referred to company’s counsel. It is the intent to prevail or settle the matter, however, it is not possible to determine or predict the scope of any resolution at this time.

***Maria Monserrath Gonzalez Guzman***

On September 1, 2023, the Issuer received a demand letter from Maria Monserrath Gonzalez Guzman, a former employee of Valley Harvest, LLC, a third-party labor company used by the Issuer. The letter alleges violation of the California Fair Employment and Housing Act, and termination in violation of public policy. The Issuer has tendered the claim to its insurance provider and referred the matter to outside counsel. It is the intent of the Issuer to prevail or settle the matter, however, it is not possible to determine or predict the scope of any resolution at this time.

**Greenfield Organix as Plaintiff**

***Greenfield Organix v. MWG Holdings Group, Inc dba Perfect Union et al.***

On January 8, 2024, Greenfield Organix filed a complaint against MWG Holdings Group, Inc., et al., a former buyer of products from Greenfield Organix, alleging breach of contract and open book account. It is the intent of the Issuer to prevail or settle the matter, however, it is not possible to determine or predict the scope of any resolution at this time.

13. Provide details of any indebtedness incurred or repaid by the Issuer together with the terms of such indebtedness.

**None.**

14. Provide details of any securities issued and options or warrants granted.

Security	Number Issued	Details of Issuance	Use of Proceeds <sup>(1)</sup>
N/A			

*(1) State aggregate proceeds and intended allocation of proceeds.*

15. Provide details of any loans to or by Related Persons.

**None.**

16. Provide details of any changes in directors, officers or committee members.

**Except as disclosed in Section 1, there have been no changes to the directors, officers, or committee members of the Issuer.**

17. Discuss any trends which are likely to impact the Issuer including trends in the Issuer's market(s) or political/regulatory trends.

The trends and risks which are likely to impact the Issuer are detailed in the Issuer's Listing Statement dated May 30, 2019, under the heading "Risk Factors"; in the Issuer's most recently filed management's discussion and analysis; the Issuer's most recently filed annual information form, and in the Issuer's other public filings, all of which are available under the Issuer's SEDAR profile at [www.sedar.com](http://www.sedar.com), and which are incorporated into this report by reference thereto. In addition, on January 30, 2020, the World Health Organization declared that the recent COVID-19 outbreak was a global health emergency, recognizing that the disease represents a risk outside of China, where it emerged in the last several months. Companies across various industries could be impacted materially by the coronavirus.

COVID-19's known and unknown impact on earnings, costs, employees, supply chains, customers and other stakeholders, as well as other business matters, may be material for the Issuer, and may have a material impact on

**the Issuer's gross earnings, net earnings and other business matters. Environmental, social and governance factors may also impact the Issuer's operations in the near future.**

## Certificate of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Certificate of Compliance.
2. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CNSX Policy 1).
4. All of the information in this Form 7 Monthly Progress Report is true.

Dated: February 2, 2024.

Jack Nichols  
Name of Director or Senior Officer

Jack Nichols  
Signature

General Counsel & Secretary  
Official Capacity

<b><i>Issuer Details</i></b> Name of Issuer StateHouse Holdings Inc.	For Month End January 31, 2024	Date of Report February 2, 2024
Issuer Address 1028 Buenos Ave.		
City/Province/Postal Code San Diego/California/92110	Issuer Fax No. N/A	Issuer Telephone No. 1 (619) 431-2852
Contact Name Jack Nichols	Contact Position General Counsel & Secretary	Contact Telephone No. 1 (831) 884-8939
Contact Email Address jack.nichols@statehouse.co	Web Site Address <a href="http://www.statehouseholdings.com">www.statehouseholdings.com</a>	