STATEMENT OF EXECUTIVE COMPENSATION

STATEHOUSE HOLDINGS INC.
(the "Corporation")

The following information is presented by the management of the Corporation in accordance with Form 51- 102F6V – *Statement of Executive Compensation – Venture Issuers* ("**Form 51-102F6V**") and sets forth compensation for the year ended December 31, 2023. This Statement of Executive Compensation is dated for reference August 23, 2024.

The general objectives of the Corporation's compensation strategy are to: (a) compensate management in a manner that encourages and rewards a high level of performance and outstanding results with a view to increasing long-term value for the shareholders of the Corporation (the "**Shareholders**") value; (b) align management's interests with the long-term interests of Shareholders; and (c) attract and retain highly qualified executive officers.

Elements of Compensation

The compensation of "**named executive officers**" (as such term is defined in Form 51-102F6V) is comprised of the following elements: (a) base salary; (b) an annual discretionary cash bonus; and (c) long-term equity incentives, consisting of Awards (as such term is defined below) granted under the Corporation's Equity Incentive Plan (as such term is defined below). These principal elements of compensation are described in further detail below.

1. <u>Base Salary</u>

Each named executive officer receives a base salary, which constitutes a significant portion of the named executive officer's compensation package. Base salary is recognition for discharging day-to-day duties and responsibilities and reflects the named executive officer's performance over time, as well as that individual's particular experience and qualifications. Each named executive officer's base salary is reviewed by the board of directors of the Corporation (the "**Board**") on an annual basis and may be adjusted to take into account performance contributions for the year and to reflect sustained performance contributions over a number of years.

2. <u>Annual Cash Bonus</u>

In addition to base salary, each named executive officer may receive an annual discretionary cash bonus. Annual bonuses may be awarded by the Board based on qualitative and quantitative performance standards, and are intended to reward performance of named executive officers individually. The determination of a named executive officer's performance may vary from year to year depending on economic conditions and conditions in the cannabis industry, and may be based on measures such as stock price performance, the meeting of financial targets against budget (such as adjusted funds from operations), the meeting of acquisition objectives and balance sheet performance.

3. <u>Equity Incentive Plan</u>

The Corporation's current amended and restated omnibus equity incentive plan was adopted by the Board on January 17, 2022 (the "**Equity Incentive Plan**"). Shareholders approved the Equity Incentive Plan at the annual general meeting held on November 24, 2020. The Equity Incentive Plan permits the granting of: (i) options ("**Options**") to acquire common shares in the capital of the Corporation (the "**Common Shares**"), (ii) share appreciation rights ("**SARs**"), (iii) restricted share awards ("**Restricted Shares**"), (iv) restricted share units ("**RSUs**"), (v) performance awards ("**Performance Awards**"), (vi) dividend equivalents ("**Dividend Equivalents**") and (vii) other share based awards (collectively, the "**Awards**"). Awards are granted by either the Board or, historically, the governance, compensation and nominating committee of the Board (the "**GC&N Committee**"), which was disbanded by the Board on May 14, 2024, as a result of a reduction in the size of the Board to 3 members. A copy of the Equity Incentive Plan is available on the Corporation's profile on SEDAR+ at www.sedarplus.ca..

Compensation of Directors

The following table illustrates the compensation structure for the non-executive directors. The directors may also be reimbursed for out-of-pocket expenses incurred in carrying out their duties as directors in addition to the compensation as set out below.

Annual Retainer	
Chairperson of the Board	$90,000
Non-executive director	$48,000
Committee members	$15,000

Officers of the Corporation who also act as directors will not receive any additional compensation for services rendered in such capacity, other than as paid by the Corporation in their capacity as officers.

Compensation Risk

The Board and, as applicable, the GC&N Committee, which was disbanded by the Board on May 14, 2024 (see Section 3 – introductory paragraph above), considers and assesses the implications of risks associated with the Corporation's compensation policies and practices and devotes such time and resources as is believed to be necessary in the circumstances. The Corporation's practice of compensating its officers primarily through a mix of salary, bonus and stock options is designed to mitigate risk by: (i) ensuring that the Corporation retains such officers; and (ii) aligning the interests of its officers with the short-term and long-term objectives of the Corporation and its Shareholders. As at the date of this Circular, the Board had not identified risks arising from the Corporation's compensation policies and practices that are reasonably likely to have a material adverse effect on the Corporation.

Financial Instruments

Pursuant to the terms of the Corporation's Insider Trading Policy, the Corporation's officers and directors are prohibited from purchasing financial instruments, such as prepaid variable forward contracts, equity swaps, collars or units of exchange funds, that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by an officer or director.

Compensation Governance

In order to assist the Board in fulfilling its oversight responsibilities with respect to compensation matters, the Board established the GC&N Committee and reviewed and approved the GC&N Committee's charter. The GC&N Committee was composed of Jonathon Roy Pottle (Chair), Matthew K. Hawkins and Felicia Snyder, two of whom were "independent" as such term is defined in National Instrument 52-110 – *Audit Committees* ("**NI 52-110**"). Mr. Hawkins was the former Interim Chief Executive Officer of the Corporation and was not independent. Mr. Pottle resigned from the Board and the GC&N Committee on January 15, 2024. Mr. Hawkins resigned from the Board and the GC&N Committee on April 12, 2024. As a result of the Pottle and Hawkins resignations, the Board disbanded and assumed the responsibilities of the GC&N Committee on May 14, 2024.

The Board and, historically, the GC&N Committee, meet on compensation matters as and when required with respect to executive and director compensation. The primary goal of the Board and, historically, the GC&N Committee, as it relates to compensation matters is to ensure that the compensation provided to the directors, named executive officers and other senior officers of the Corporation is determined with regard to the Corporation's business strategies and objectives, such that the financial interest of the senior officers is aligned with the financial interest of Shareholders, and to ensure that their compensation is fair and reasonable and sufficient to attract and retain qualified and experienced executives.

Named executive officers are compensated through a combination of base salary, discretionary annual cash bonuses, Options and RSUs. A significant portion of such named executive officers' total compensation is tied to performance conditions on an individual and company-wide basis. Each of the named executive officers is eligible for a performance based bonus at the discretion of the Board. Certain employment agreements for the named executive officers specify certain performance based criteria, such as budgeted net operating income and budgeted net revenue, and in such cases there is an even split as between the performance based criteria. For the year ended December 31, 2023, the Corporation did not pay any performance-based bonuses, other than transaction-related bonuses that were paid to certain named executive officers in connection with the consummation of transactions involving the Corporation and the predecessor entities that employed such individuals.

The Board and, historically, the GC&N Committee, are given the authority to engage and compensate any outside advisor that it determines to be necessary to carry out its duties.

As a whole, the Board and, historically, the members of the GC&N Committee, have direct experience and skills relevant to their responsibilities in executive compensation, including with respect to enabling the Board and, historically, the GC&N Committee, in making informed decisions on the suitability of the Corporation's compensation policies and practices. Each of the members of Board and, historically, the GC&N Committee, has experience on the board of directors and related committees of other public companies, as described under "Particulars of Matters to be Acted Upon – Election of Directors" in this Circular.

Executive Compensation-Related Fees

No executive compensation-related fees were paid in 2022 or 2023.

Summary Compensation Table – Directors and Named Executive Officers

The following table sets forth all compensation paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly, by the Corporation, or a subsidiary of the Corporation, to each named executive officer and director, in any capacity, including, for greater certainty, all plan and non-plan compensation, direct and indirect pay, remuneration, economic or financial award, reward, benefit, gift or perquisite paid, payable, awarded, granted, given, or otherwise provided to the named executive officer or director for services provided and for services to be provided, directly or indirectly, to the Corporation or a subsidiary of the Corporation for each of the two most recently completed financial years:

Name and position	Year	Salary, consulting fee, retainer or commission ($)	Bonus ($)	Committee or meeting fees ($)	Value of perquisites ($)	Value of all other compensation ($)	Total Compensation ($)
Edward M. Schmults[1] *Chief Executive Officer and Director*	2022	$377,658	-	-	-	$8,923	$386,581
	2023	$459,440	-	-	-	$8,330	$467,770
Kavi Bhai[2] *Chief Financial Officer*	2022	$153,356	-	-	-	-	$153,356
	2023	$372,596	-	-	-	$13,286	$385,883
Matthew K. Hawkins[3] *Former Interim Chief Executive Officer and Director*	2022	$31,000	-	$81,000	-	-	$112,000
	2023	-	-	$90,000	-	-	$90,000
Jack H. Nichols *General Counsel and Chief Compliance Officer*	2022	$335,820	-	-	-	$13,927	$349,747
	2023	$322,400	-	-	-	$6,354	$328,754
Robert Bacchi *Chief Technology Officer*	2022	-	-	-	-	-	-
	2023	$283,846	-	-	-	$15,759	$299,605
Will Senn *Chief Corporate Development Officer*	2022	-	-	-	-	-	-
	2023	$273,461	-	-	-	$8,161	$281,622
Tom DiGiovanni *Former Chief Financial Officer*	2022	$448,288	-	-	-	$169	$448,457
	2023	-	-	-	-	-	-
Felicia Snyder[4] *Director*	2022	-	-	$24,000	-	-	$24,000
	2023	-	-	$48,000	-	-	$48,000
James E. Scott[5] *Director*	2022	-	-	$85,283	-	-	$85,283
	2023	$75,000	-	$63,000	-	-	$138,000
Jonathan Roy Pottle[6] *Director*	2022	-	-	$44,550	-	-	$44,550
	2023	-	-	$63,000	-	-	$63,000
Marc Ravner[7] *Director*	2022	$206,156	-	-	-	$3,004	$209,160
	2023	-	-	$40,000	-	-	$40,000
Tiffany Liff[8] *Director*	2022	-	-	$44,550	-	-	$44,550
	2023	-	-	-	-	-	-

Notes:

(1) Mr. Schmults was appointed as Chief Executive Officer ("**CEO**") of the Corporation on March 1, 2022. A portion of Mr. Schmults' compensation during the year ended December 31, 2022 was received in his capacity as an employee of UL Holdings Inc. ("**Urbn Leaf**"). During the year ended December 31, 2023 and December 31, 2022, Mr. Schmults did not receive any compensation in his capacity as a director of the Corporation.

(2) Mr. Bhai was appointed as Chief Financial Officer ("**CFO**") of the Corporation on December 31, 2022.

(3) On March 1, 2022, Mr. Hawkins resigned as Interim CEO of the Corporation. Mr. Hawkins provided Interim CEO services to the Corporation through Cresco Capital Management, LLC ("**Cresco**"). Mr. Hawkins, indirectly through Cresco, received $31,000 in his capacity as Interim CEO of the Corporation during the year ended December 31, 2022, and $81,000 in his capacity as a director of the Corporation during the year ended December 31, 2022. On April 12, 2024, Mr. Hawkins resigned as a director and Chairperson of the Corporation.

(4) Ms. Snyder was appointed as a director of the Corporation on May 26, 2022. Ms. Snyder was appointed Chairperson of the Corporation on April 14, 2024.
(5) During the year ended December 31, 2023, Mr. Scott received $75,000 in consulting fees, indirectly, through TSC (as defined below), an entity controlled by Mr. Scott.
(6) On January 15, 2024, Mr. Pottle resigned as a director of the Corporation.
(7) On October 20, 2023, Mr. Ravner resigned as a director of the Corporation.
(8) On December 30, 2022, Ms. Liff resigned as a director of the Corporation.

Stock Options and Other Compensation Securities

Compensation Securities

The following table sets forth all compensation securities granted or issued to each director and named executive officer by the Corporation or one of its subsidiaries in the most recently completed financial year for services provided or to be provided, directly or indirectly, to the Corporation or any of its subsidiaries:

Name and position	Type of compensation security	Number of compensation securities, number of underlying securities and % Class	Date of issue or grant	Issue, conversion or exercise price ($)	Closing price of security or underlying security on date of grant ($)	Closing price of security or underlying security at year end ($)	Expiry date
Edward M. Schmults(1) *Chief Executive Officer and Director*	-	-	-	-	-	-	-
Kavi Bhai(2) *Chief Financial Officer*	Options	3,000,000 (14%)	9/28/2023	$0.07	$0.07	$0.04	9/28/2028
Matthew K. Hawkins(3) *Former Interim Chief Executive Officer and Director*	-	-	-	-	-	-	-
Jack H. Nichols *General Counsel and Chief Compliance Officer*	-	-	-	-	-	-	-
Felicia Snyder(4) *Director*	RSUs	50,000 (2%)	9/28/2023	$0.055	$0.06	$0.02	N/A
James E. Scott(5) *Director*	RSUs	734,000 (32%)	9/28/2023	$0.06	$0.05	$0.02	N/A
		367,000 (16%)	11/1/2023	$0.03	$0.03	$0.02	N/A
		367,000 (16%)	12/1/2023	$0.01	$0.01	$0.02	N/A

Notes:

(1) Mr. Schmults was appointed as CEO of the Corporation on March 1, 2022 following Mr. Hawkins' resignation as Interim CEO of the Corporation.
(2) Mr. Bhai was appointed as CFO of the Corporation on December 31, 2022.

(3) On March 1, 2022, Mr. Hawkins resigned as Interim CEO of the Corporation. Mr. Hawkins provided Interim CEO services to the Corporation through Cresco. On April 12, 2024, Mr. Hawkins resigned as a director and Chairperson of the Corporation.
(4) Ms. Snyder was appointed as a director of the Corporation on May 26, 2022. Ms. Snyder was appointed Chairperson of the Corporation on April 14, 2024.
(5) 1,468,000 RSUs were issued to JS3, LLC, an entity controlled by Mr. Scott.

Exercise of Compensation Securities by Directors and Named Executive Officers

The following table sets forth each exercise by a director or named executive officer of compensation securities during the most recently completed financial year:

Name and position	Type of compensation security	Number of underlying securities exercised or vested	Exercise price per security ($)	Date of exercise or vesting	Closing price per security on date of exercise ($)	Difference between exercise price and closing price on date of exercise ($)	Total value on exercise date ($)
Edward M. Schmults(1) *Chief Executive Officer and Director*	RSU	228,149 146,850	$0.54 $0.60	3/1/2023 3/1/2023	N/A	N/A	N/A
Kavi Bhai(2) *Chief Financial Officer*	-	-	-	-	-	-	-
Matthew K. Hawkins(3) *Former Interim Chief Executive Officer and Director*	RSUs	112,500	$0.60	4/4/2023	N/A	N/A	N/A
Jack H. Nichols *General Counsel and Chief Compliance Officer*	-	-	-	-	-	-	-
Felicia Snyder(4) *Director*	RSUs	125,000	$0.29	125,000	-	N/A	-
James E. Scott(5) *Director*	RSUs	1,605,500	$0.60, $0.06, $0.03, $0.01	4/4/2023 9/28/2023 11/1/2023 12/1/2023	-	N/A	-
Jonathan Roy Pottle *Director*	RSUs	137,500	$0.60	4/4/2023	-	N/A	-

Name and position	Type of compensation security	Number of underlying securities exercised or vested	Exercise price per security ($)	Date of exercise or vesting	Closing price per security on date of exercise ($)	Difference between exercise price and closing price on date of exercise ($)	Total value on exercise date ($)
Marc Ravner *Director*	RSUs	100,000	$0.12	10/5/2023	-	N/A	-

Notes:

(1) Mr. Schmults was appointed as CEO of the Corporation on March 1, 2022 following Mr. Hawkins' resignation as Interim CEO of the Corporation.
(2) Mr. Bhai was appointed as CFO of the Corporation on December 31, 2022.
(3) On March 1, 2022, Mr. Hawkins resigned as Interim CEO of the Corporation. Mr. Hawkins provided Interim CEO services to the Corporation through Cresco. On April 12, 2024, Mr. Hawkins resigned as a director and Chairperson of the Corporation. The vested RSUs listed under Mr. Hawkins were issued to Entourage Effect Capital, LLC, an entity controlled by Mr. Hawkins. On April 12, 2024, Mr. Hawkins resigned as a director and Chairperson of the Corporation.
(4) Ms. Snyder was appointed as a director of the Corporation on May 26, 2022. Ms. Snyder was appointed Chairperson of the Corporation on April 14, 2024.
(5) 1,468,000 RSUs were issued to JS3, LLC, an entity controlled by Mr. Scott.

Incentive Plans

Equity Incentive Plan

Purpose

The Equity Incentive Plan is intended to promote the interests of the Corporation and its Shareholders by aiding the Corporation in attracting and retaining employees, officers, consultants, advisors and non-employee directors capable of assuring the future success of the Corporation, to offer such persons incentives to put forth maximum efforts for the success of the Corporation's business and to compensate such persons through various share and cash-based arrangements and provide them with opportunities for share ownership in the Corporation, thereby aligning the interests of such persons with Shareholders.

Eligibility

Any of the Corporation's employees, officers, directors, consultants or any affiliate or person to whom an offer of employment or engagement with the Corporation is extended, are eligible to participate in the Equity Incentive Plan if selected by the Board, and, historically, the GC&N Committee (the "**Participants**"). The basis of participation of an individual under the Equity Incentive Plan, and the type and amount of any Award that an individual will be entitled to receive pursuant to the Equity Incentive Plan, will be determined by the Board or, historically, the GC&N Committee, based on its judgment as to the best interests of the Corporation and its Shareholders, and therefore cannot be determined in advance.

Any Common Shares subject to an Award granted pursuant to the Equity Incentive Plan that are purchased, forfeited, reacquired by the Corporation (including any withheld to satisfy tax withholding obligations on Awards or securities that are settled in cash), or cancelled, shall again be available to be awarded pursuant to the Equity Incentive Plan.

In the event of any dividend, recapitalization, forward or reverse share split, reorganization, merger, amalgamation, consolidation, split-up, split-off, combination, repurchase or exchange of securities or other securities of the Corporation, issuance of warrants or other rights to acquire securities or other securities of the Corporation, or other similar corporate transaction or event, which affects the securities, or unusual or nonrecurring events affecting the Corporation, or the financial statements of the Corporation, or changes in applicable rules, rulings, regulations or other requirements of any governmental body or securities exchange or inter-dealer quotation system, accounting principles or law, the Board or, historically, the GC&N Committee, may make such adjustment, which is appropriate in order to prevent dilution or enlargement of the rights of Participants pursuant to the Equity Incentive Plan, to (i) the number and kind of securities which may thereafter be issued in connection with Awards, (ii) the number and kind of securities issuable in respect of outstanding Awards, (iii) the purchase price or exercise price relating to any Award or, if deemed appropriate, make provision for a cash payment with respect to any outstanding Award, and (iv) any securities limit set forth in the Equity Incentive Plan.

If a Participant ceases to be an eligible person for any reason, whether for cause or otherwise, the Participant may, within 90 days following the date on which it ceased to be an eligible person , or within 30 days if such Participant is an investor relations person or holder of "**incentive stock options**", exercise any Option that was exercisable on the date the Participant ceased to be an eligible person. The Board and, historically, the GC&N Committee may extend such 90 or 30 day period, as applicable, subject to obtaining any approval required by the Canadian Securities Exchange (the "**CSE**") and subject to a maximum extension to the original expiry date of such Options. Any Option that was not exercisable on the date the Participant ceased to be an eligible person will be deemed to expire on such date, unless extended pursuant to the Equity Incentive Plan. Any Option that was exercisable on the date the Participant ceased to be an eligible person will be deemed to expire immediately following the 90 or 30 day period, as applicable, unless extended pursuant to the Equity Incentive Plan.

<u>Shares Available</u>

Subject to adjustment as provided in the Equity Incentive Plan, the aggregate number of Common Shares that may be issued under all Awards pursuant to the Equity Incentive Plan shall be determined by the Board from time to time ("**Overall Plan Limit**"). The Board has determined that the Overall Plan Limit shall be 23,355,026 Common Shares, representing 20% of the issued and outstanding Common Shares as of the date on which the Equity Incentive Plan was adopted by the Board.

Notwithstanding the foregoing, the aggregate number of Common Shares that may be issued pursuant to awards of "**incentive stock options**" to be issued to United States residents eligible under the Equity Incentive Plan shall not exceed 4,279,905 Common Shares, representing 10% of the issued and outstanding Common Shares as of the date on which the Equity Incentive Plan was adopted by the Board.

Limitations

The aggregate number of Common Shares issuable to directors and executive officers of the Corporation ("**Related Persons**") pursuant to the Equity Incentive Plan and all other security based compensation arrangements, at any time, shall not exceed 10% of the total number of Common Shares then outstanding.

The aggregate number of Common Shares issued to Related Persons pursuant to the Equity Incentive Plan and all other security based compensation arrangements, within any one-year period, shall not exceed 10% of the total number of Common Shares then outstanding.

The total number of Common Shares which may be issued or issuable to any one Related Person and the associates of the Related Person pursuant to the Equity Incentive Plan and all other security based compensation arrangements, within any one-year period, shall not exceed 5% of the total number of Common Shares then outstanding.

So long as the Corporation is listed on the CSE, the aggregate number of Common Shares issued or issuable to persons providing investor relations activities (as defined in the policies of the CSE) as compensation, within any one-year period, shall not exceed 1% of the total number of Common Shares then outstanding.

Awards

Options

Pursuant to the terms of the Equity Incentive Plan, unless the Board or, historically, the GC&N Committee, determines otherwise in the case of an Option substituted for another Option in connection with a corporate transaction, the exercise price of the Options may not be lower than the greater of the closing market price of the Common Shares on (a) the trading day prior to the date of grant of the Options and (b) the date of grant of the Options. Options granted pursuant to the Equity Incentive Plan will be subject to such terms, including the exercise price and the conditions and timing of exercise, as may be determined by the Board or, historically, the GC&N Committee, and specified in the applicable award agreement. The maximum term of an Option granted pursuant to the Equity Incentive Plan will be 10 years from the date of grant. Payment in respect of the exercise of an Option may not be made, in whole or in part, with a promissory note.

Restricted Shares and RSUs

Awards of Restricted Shares and RSUs shall be subject to such restrictions as the Board or, historically, the GC&N Committee, may impose (including, without limitation, any limitation on the right to vote or the right to receive any dividend or other right or property with respect thereto), which restrictions may lapse separately or in combination at such time or times, in such installments or otherwise as the Board or, historically, the GC&N Committee, may deem appropriate. Upon a Participant's termination of employment or service or resignation or removal as a director (in either case, as determined by criteria established by the Board or, historically, the GC&N Committee) during the applicable restriction period, all Restricted Shares and all RSUs held by such Participant at such time shall be forfeited and reacquired by the Corporation for cancellation at no cost to the Corporation; provided, however, that the Board or, historically, the GC&N Committee, may waive in whole or in part any or all remaining restrictions with respect to Common Shares of Restricted Shares or RSUs. Pursuant to the policies of the CSE, the value ascribed to the Common Shares covered by the Restricted Share or RSU may not be lower than the greater of the closing market price of the Common Shares on (a) the trading day prior to the date of grant of the Restricted Shares or RSUs, and (b) the date of grant of the Restricted Shares or RSUs. Any Restricted Share or RSU granted pursuant to the Equity Incentive Plan shall be issued at the time such Awards are granted and may be evidenced in such manner as the Board or, historically, the GC&N Committee, may deem appropriate.

Share Appreciation Rights

A SAR granted pursuant to the Equity Incentive Plan shall confer on the Participant a right to receive upon exercise, the excess of (i) the fair market value of one Common Share on the date of exercise over (ii) the grant price of the SAR as specified by the Board or, historically, the GC&N Committee (which price shall not be less than 100% of the fair market value of one Common Share on the date of grant of the SAR); provided, however, that, subject to applicable law and stock exchange rules, the Board or, historically, the GC&N Committee, may designate a grant price below fair market value on the date of grant if the SAR is granted in substitution for a stock appreciation right previously granted by an entity that is acquired by or merged with the Corporation or an affiliate. Notwithstanding the foregoing, pursuant to the rules of the CSE, Common Shares issued in connection with SARs may not be priced lower than the greater of the closing market prices of the Common Shares on (a) the trading day prior to the date of grant of the SAR, and (b) the date of grant of the SAR. Subject to the terms of the Equity Incentive Plan, the policies of the CSE and any applicable award agreement, the grant price, term, methods of exercise, dates of exercise, methods of settlement, equity compensation and any other terms and conditions of any SAR shall be as determined by the Board or, historically, the GC&N Committee. The Board or, historically, the GC&N Committee, may impose such conditions or restrictions on the exercise of any SAR as it may deem appropriate. No SAR may be exercised more than 10 years from the grant date.

Performance Awards

A Performance Award granted pursuant to the Equity Incentive Plan (i) may be denominated or payable in cash, Common Shares (including without limitation, Restricted Share and RSUs), other securities, other Awards or other property and (ii) shall confer on the holder thereof the right to receive payments, in whole or in part, upon the achievement of one or more objective performance goals during such performance periods as the Board or, historically, the GC&N Committee, shall establish. Notwithstanding the foregoing, pursuant to the rules of the CSE, Performance Awards may not be priced lower than the greater of the closing market prices of the Common Shares on (a) the trading day prior to the date of grant of the Performance Award, and (b) the date of grant of the Performance Award. Subject to the terms of the Equity Incentive Plan and the policies of the CSE, the performance goals to be achieved during any performance period, the length of any performance period, the amount of any Performance Award granted, the amount of any payment or transfer to be made pursuant to any Performance Award and any other terms and conditions of any Performance Award shall be determined by the Board or, historically, the GC&N Committee.

Dividend Equivalents

A Dividend Equivalent granted pursuant to the Equity Incentive Plan allows Participants to receive payments (in cash, Common Shares, other securities, other Awards or other property as determined in the discretion of the Board or, historically, the GC&N Committee) equivalent to the amount of cash dividends paid by the Corporation to holders of Common Shares with respect to a number of Common Shares as determined by the Board or, historically, the GC&N Committee. Subject to the terms of the Equity Incentive Plan, the policies of the CSE and any applicable award agreement, such Dividend Equivalents may have such terms and conditions as the Board or, historically, the GC&N Committee, shall determine. Notwithstanding the foregoing, (i) the Board or, historically, the GC&N Committee, may not grant Dividend Equivalents to eligible persons in connection with grants of Options, SARs or other Awards the value of which is based solely on an increase in the value of the Common Shares after the date of grant of such Award, and (ii) dividend and Dividend Equivalent amounts may be accrued but shall not be paid unless and until the date on which all conditions or restrictions relating to such Award have been satisfied, waived or lapsed. Subject to the terms of the Equity Incentive Plan, the policies of the CSE and any applicable award agreement, such Dividend Equivalents may have such terms and conditions as the Board or, historically, the GC&N Committee, shall determine, provided that pursuant to the rules of the CSE, Dividend Equivalents may not be priced lower than the greater of the closing market prices of the Common Shares on (a) the trading day prior to the date of grant of the Dividend Equivalent, and (b) the date of grant of the Dividend Equivalent.

Other

In addition, Awards may be granted pursuant to the Equity Incentive Plan that are denominated or payable in, valued in whole or in part by reference to, or otherwise based on or related to, Common Shares (including, without limitation, securities convertible into Common Shares), as are deemed by the Board or, historically, the GC&N Committee, to be consistent with the purpose of the Equity Incentive Plan in accordance with applicable regulations, provided that pursuant to the rules of the CSE, such Awards may not be priced lower than the greater of the closing market prices of the Common Shares on (a) the trading day prior to the date of grant of the Award, and (b) the date of grant of the Award.

General

The Board or, historically, the GC&N Committee, may impose restrictions on the grant, exercise or payment of an Award as it determines appropriate, subject to compliance with CSE policies. Generally, Awards granted pursuant to the Equity Incentive Plan shall be non-transferable.

The Board or, historically, the GC&N Committee, may amend, suspend, discontinue or terminate the Equity Incentive Plan; provided that (i) such amendment, alteration, suspension, discontinuation, or termination complies with all applicable laws, rules, regulations and policies of any applicable governmental entity or securities exchange, including receipt of any required approval from the governmental entity or stock exchange and (ii) no such amendment or termination may adversely affect Awards then outstanding without the Award holder's permission.

In the event of any reorganization, merger, consolidation, split-up, spin-off, combination, plan of arrangement, take-over bid or tender offer, repurchase or exchange of Common Shares or other securities of the Corporation or any other similar corporate transaction or event involving the Corporation (or the Corporation entering into a written agreement to undergo such a transaction or event), the Board or, historically, the GC&N Committee, may, in its sole discretion, provide for any (or a combination) of the following to be effective upon the consummation of the event (or effective immediately prior to the consummation of the event, provided that the consummation of the event subsequently occurs):

- termination of the Award, whether or not vested, in exchange for cash and/or other property, if any, equal to the amount that would have been attained upon the exercise of the vested portion of the Award or realization of the Participant's vested rights,
- the replacement of the Award with other rights or property selected by the Board or, historically, the GC&N Committee, in its sole discretion,
- assumption of the Award by the successor or survivor corporation, or a parent or subsidiary thereof, or shall be substituted for by similar Options, rights or Awards covering the Common Shares of the successor or survivor corporation, or a parent or subsidiary thereof, with appropriate adjustments as to the number and kind of Common Shares and prices,
- that the Award shall be exercisable or payable or fully vested with respect to all Common Shares covered thereby, notwithstanding anything to the contrary in the applicable award agreement, or
- that the Award cannot vest, be exercised or become payable after a certain date in the future, which may be the effective date of the event.

Tax Withholding

The Corporation may take such action as it deems appropriate to ensure that all applicable federal, state, local and/or foreign payroll, withholding, income or other taxes, which are the sole and absolute responsibility of a Participant, are withheld or collected from such Participant.

The Equity Incentive Plan is subject to approval by the Shareholders. Pursuant to CSE requirements, every three years after institution, all unallocated Options, rights and other entitlement pursuant to any security-based compensation arrangement which does not have a fixed maximum number of securities issuable thereunder (commonly referred to as "rolling plans"), must be approved by the majority of the Corporation's Board and its Shareholders. Pursuant to the policies of the CSE, the Corporation has not received shareholder approval for the Equity Incentive Plan in accordance with CSE requirements since its institution and is therefore not permitted to grant any Awards pursuant to the Equity Incentive Plan.

Employment, Consulting and Management Agreements

Schmults Employment Agreement

On March 1, 2022, the Corporation entered into an employment agreement (the "**Schmults Employment Agreement**") with Mr. Schmults. Pursuant to the terms of the Schmults Employment Agreement, Mr. Schmults agreed to provide Chief Executive Officer services to the Corporation for a base salary of $450,000.00 per year, as well as performance based bonus of up to 200% of Mr. Schmults' base salary, to be determined at the discretion of the Board. In addition, Mr. Schmults is entitled to a bonus based on his contribution toward closing and integrating the acquisitions of Sublimation Inc., Urbn Leaf and LPF JV Corporation.

Pursuant to the terms of the Schmults Employment Agreement, in the event of termination by death, disability, cause, resignation without good reason or expiration, Mr. Schmults is entitled to: (a) any unpaid base salary earned through the termination date; (b) unpaid expense reimbursement; (c) except if the Corporation has terminated Mr. Schmults' employment for cause, unpaid annual bonus earned as determined by the Board; and (d) any vested benefits Mr. Schmults may have under any employee benefit plan of the Corporation (the "**Accrued Obligations**"). In the event of termination by the Corporation without cause or by Mr. Schmults with good reason, Mr. Schmults is entitled to: (a) the Accrued Obligations; (b) an amount equal to one times Mr. Schmults' then-current base salary, payable as continued salary for 12 months following the date of termination and equivalent health benefits.

Upon the consummation of a change in control, (a) 100% of all vested RSUs and Options held by Mr. Schmults will remain exercisable in accordance with their respective terms and the terms of the Equity Incentive Plan; (b) 50% of all RSUs and Options held by Mr. Schmults that are unvested (the "**Schmults Unvested Equity**") will accelerate and vest; and (c) an additional 25% of the Schmults Unvested Equity will vest if Mr. Schmults remains employed by the Corporation for at least one year following a change in control. If Mr. Schmults is terminated without cause within six months of a change in control, 100% of all of the RSUs and Options held by Mr. Schmults will accelerate and vest at the date of termination.

Bhai Employment Agreement

On December 29, 2022, FLRish Inc. ("**FLRish**"), a wholly-owned subsidiary of the Corporation, entered into an employment agreement with Mr. Bhai (the "**Bhai Employment Agreement**"). Pursuant to the terms of the Bhai Employment Agreement, Mr. Bhai agreed to provide Chief Financial Officer services to the Corporation for a base salary of $375,000.00 per year, as well as a discretionary bonus of up to 50% of Mr. Bhai's base salary, to be determined at the discretion of the Board.

Pursuant to the terms of the Bhai Employment Agreement, in the event of termination by expiration or without cause, or in the event the Corporation consummates a change in control transaction and upon closing of the change in control transaction or within the 12 month period following the closing of the change in control transaction, Mr. Bhai's employment is terminated by the Corporation without cause, Mr. Bhai is entitled to receive any equity entitlements as set forth in the Bhai Employment Agreement and six months of severance that includes base salary and equivalent health benefits.

Upon the consummation of a change in control, (a) 100% of all vested Options held by Mr. Bhai will remain exercisable in accordance with their respective terms and the terms of the Equity Incentive Plan; (b) 50% of all Options held by Mr. Bhai that are unvested (the "**Bhai Unvested Equity**") will accelerate and vest; and (c) an additional 25% of the Bhai Unvested Equity will vest if Mr. Bhai remains employed by the Corporation for at least one year following a change in control. If Mr. Bhai is terminated without cause within six months of a change in control, 100% of all of the Options held by Mr. Bhai will accelerate and vest at the date of termination.

Nichols Employment Agreement

On April 9, 2018, the Corporation entered into an employment agreement (the "**Nichols Employment Agreement**") with Mr. Nichols. Pursuant to the terms of the Nichols Employment Agreement, Mr. Nichols agreed to provide certain services to the Corporation for a monthly fee of $25,833.33, as well as a performance based bonus for up to 50% of base salary, to be determined at the discretion of the Board. Pursuant to the terms of the Nichols Employment Agreement, in the event of termination by expiration or without cause, or in the event the Corporation consummates a change of control transaction and upon closing of the change of control transaction or within the twelve month period following the closing of the change of control transaction, Mr. Nichols' employment is terminated by the Corporation without cause, Mr. Nichols is entitled to receive any equity entitlements as set forth in the Nichols Employment Agreement and one year of severance that includes base salary and equivalent health benefits.

The Scott Company Consulting Agreement

On September 28, 2023, the Board authorized the Corporation to enter into a consulting agreement (the "**TSC Consulting Agreement**") with The Scott Company LLC ("**TSC**"), a company controlled by Mr. James E. Scott, with a retroactive start date of August 1, 2023. Pursuant to the terms of the TSC Consulting Agreement, Mr. Scott agreed to provide consulting services to the Corporation for a fee of $15,000 cash retainer fee and 367,000 RSUs per month, to be granted to JS3 LLC (an entity wholly owned by James E. Scott). The initial term of the TSC Consulting Agreement was 90 days. On October 26, 2023, the Board extended the TSC Consulting Agreement to December 31, 2023. On January 9, 2024, the term was extended to March 31, 2024, and compensation was amended by the Board. Specifically, compensation was amended to provide Mr. Scott with a monthly fee of $30,000 and no RSUs. On March 27, 2024, the Board extended the TSC Consulting Agreement until July 31, 2024. Pursuant to the terms of the TSC Consulting Agreement, the agreement may be terminated 30 days following receipt of written notice of termination. Upon termination by either party, any fees and expenses accrued and owed to TSC shall be paid within 30 business days of the last date of service. In the event that the Corporation fails to pay TSC any fees and expenses accrued and owed to TSC within 30 days of the last date of service, the Corporation shall pay TSC an additional one-time $10,000 late fee.

Termination and Change of Control Payment Amounts

The following table sets forth the amounts that would have been payable to the named executive officers and consultants as of December 31, 2023 in the various cases of termination:

Name	Triggering Event	Total ($)
Edward M. Schmults	Change of Control and Termination	$450,000
	Change of Control without Termination	$450,000
	Termination by Corporation without Just Cause	$450,000
Jack H. Nichols	Change of Control and Termination	$335,820
	Change of Control without Termination	$335,820
	Termination by Corporation without Just Cause	$335,820
Kavi Bhai	Change of Control and Termination	$250,000
	Change of Control without Termination	$250,000
	Termination by Corporation without Just Cause	$187,500

Name	Triggering Event	Total ($)
James E. Scott	Change of Control and Termination	Nil
	Change of Control without Termination	Nil
	Termination by Corporation without Just Cause	Nil