



Harborside Inc. Provides Update on Timing of Filing of Financial Statements

Fiscal 2019 year end, Restated 2017 and 2018 financials, as well as Q1 2020 results to be completed prior to the end of August 2020

OAKLAND, Calif. and TORONTO, July 31, 2020 /CNW/ - Harborside Inc. ("Harborside" or the "Company") (CSE: HBOR), a California-focused, vertically integrated cannabis enterprise, today provided an update regarding the filing of the Company's audited annual financial statements and corresponding management's discussion and analysis for the year ended December 31, 2019, as well as its restated annual financial statements for years ended December 31, 2017 and 2018 (collectively, the "Annual Filings"), and the interim financial report and corresponding management's discussion and analysis for the period ended March 31, 2020 (collectively, the "Q1 Filings").

Update on Financial Statement Filings

The Company continues to work diligently and expeditiously with its auditors to finalize the Annual Filings and the Q1 Filings (collectively, the "Outstanding Filings"). As a result of the significant effort by the new finance team and progress to date, the Company expects to complete the filing of the Outstanding Filings by the end of August, 2020. However, no assurance can be given that the anticipated timing of filing will be met due to the unprecedented impact of the COVID-19 pandemic on the Company and its employees, the need for the Company's auditors to complete their audit work, and the Company's ability to rely on timely information in relation to its financial reporting obligations, among other things.

In the interim, the Company continues to be subject to the previously-disclosed cease trade order (the "CTO"). The Company expects trading to resume on the CSE shortly after the revocation of the CTO.

Update on Executive Compensation Disclosure

The Company continues to rely on the temporary blanket relief provided by the Canadian Securities Administrators under Ontario Instrument 51-504 – *Temporary Exemptions from Certain Requirements to File or Send Securityholder Materials* of the Ontario Securities Commission to postpone the public filing of its executive compensation disclosure until such time as it is filed and delivered to shareholders as part of the Company's information circular relating to its 2020 annual meeting of shareholders. The Company will provide further information on its annual meeting when an appropriate date has been determined.

Management Commentary

"There has been an overabundance of speculation in the markets as to the reasoning for the CTO and we understand the concerns. We expect that the impact of the restatement on the 2017 and 2018 annual financial statements is primarily non-operating in nature and relates solely to accounting changes made to previously disclosed transactions. The restatement of the 2019 quarterly statements is primarily due to a business combination that must be accounted for as an acquisition under IFRS 3, and the quantum reserved in relation to the provision for taxes purported to be owing. While the ongoing COVID-19 pandemic has presented numerous challenges to the global community, Harborside included, the underlying fundamentals of our business remain very strong," said Peter Bilodeau, Chairman and Interim CEO of Harborside. "I'm proud of the sequential growth in revenue we have achieved, which together with the strategic and operational initiatives we have implemented, are expected to drive sustained, long-term improvement in our profitability."

Mr. Bilodeau continued, "I'd like to reassure our shareholders that our team has continued to work expeditiously with our auditors to complete all past due reporting, including finalizing our fiscal 2019 and Q1 2020 filings as well as the restatement of our 2017 and 2018 results, which we anticipate will be completed prior to the end of August 2020."

For the latest news, activities, and media coverage, please visit the Harborside corporate website at www.investharborside.com or connect with us on LinkedIn, Facebook, and Twitter.

About Harborside: Harborside Inc. is one of the oldest and most respected cannabis retailers in California, operating three of the major dispensaries in the San Francisco Bay Area, a dispensary in the Palm Springs area outfitted with Southern California's only cannabis drive-thru window, a dispensary in Oregon and a cultivation facility in Salinas, California. Harborside has played an instrumental role in making cannabis safe and accessible to a broad and diverse community of California consumers. Co-founded by Steve DeAngelo and dress wedding in 2006, Harborside was awarded one of the first six medical cannabis licenses granted in the United States. Harborside is currently a publicly listed company on the Canadian Securities Exchange ("CSE") trading under the ticker symbol "HBOR". Additional information regarding Harborside is available under Harborside's SEDAR profile at www.sedar.com.

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 securities legislation. 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 relate to, among other things, the timing of filing the Outstanding Filings, the revocation of the CTO, and the timing of filing its current executive compensation disclosure.

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: management's perceptions of the anticipated timeline in which the Outstanding Filings and its current executive compensation disclosure can be filed, and the CTO be revoked; 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 California cannabis market and changing consumer habits; the ability of the Company to successfully achieve its business objectives; plans for expansion; political and social uncertainties; inability to obtain adequate insurance to cover risks and hazards; and the presence of laws and regulations that may impose restrictions on cultivation, production, distribution and sale of cannabis and cannabis related products in the State of California; and employee relations. 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 is indirectly 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, these activities are currently illegal under United States federal law. Additional information regarding this and other risks and uncertainties relating to the Company's business are contained under the heading "Risk Factors" in the Listing Statement dated May 30, 2019, filed under the Company's profile on SEDAR at www.sedar.com.

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.

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