



Harborside Inc. to Acquire Ownership in a San Francisco Dispensary in the Historic Haight-Ashbury District

Acquisition Further Expands Company's California Retail Footprint

OAKLAND, Calif. and TORONTO, Oct. 19, 2020 /CNW/ - Harborside Inc. ("Harborside", or the "Company") (CSE: HBOR), (OTCQX: HBORF), a California-focused, vertically-integrated cannabis enterprise, has reached a definitive agreement (the "Agreement") to acquire 50.1% of the equity (the "Shares") of FGW Haight, Inc. ("FGW"), a California corporation which has the conditional use approval necessary to operate a cannabis dispensary and related businesses in the Haight Ashbury area of San Francisco, California (the "Acquisition").

The Acquisition further expands Harborside's footprint in the state of California, solidifying a strong presence in the historical and culturally-significant Haight-Ashbury district of San Francisco.

"We're thrilled to be bringing Harborside's reputation for high-quality products and excellent retail experiences to the iconic Haight-Ashbury district," said Peter Bilodeau, Chairman and Interim CEO of Harborside. "Upon completion of the acquisition, build-out and receipt of all necessary approvals, our latest retail location will seamlessly blend elevated, contemporary-industrial architecture with the best-in-class service and unbeatable product selection that Harborside has become famous for. We're excited to continue engaging with our consumers and delivering strong value for our shareholders."

Under the terms of the Agreement, Harborside will pay an aggregate purchase price of USD \$2,179,350 (subject to purchase price adjustments) based on a post build-out and proforma working capital enterprise value of USD \$4,350,000 (the "Purchase Price"). The Purchase Price will be comprised of: (a) USD \$1,265,000 as consideration for convertible notes of FGW entitling the Company to such number of underlying Shares equal to 29.1% of the Shares; and (b) the balance of the Purchase Price in multiple voting shares ("MVS") valued at CAD\$125 per MVS as consideration to certain selling shareholders of FGW for 21% of the issued and outstanding Shares.

Harborside has also agreed to purchase an additional 29.9% of the issued and outstanding Shares (the "Subsequent Shares") to get to an 80% ownership of FGW, subject to regulatory approvals. The aggregate purchase price for the Subsequent Shares will be USD \$1,300,650, which will be satisfied in MVS valued at the greater of: (i) the 30 day VWAP of the subordinate voting shares of the Company on the Canadian Securities Exchange ("CSE") at the time of issuance less a discount multiplied by 100; (ii) C\$150 per MVS; or (iii) such other price as may be approved by the CSE.

Lastly, Harborside will also have a right of first refusal to purchase, in its discretion, in whole or in part and in one or more closings, the remaining 20% of the Shares (the "Remaining Shares"), subject to regulatory approvals.

The Acquisition is subject to certain material closing conditions, including approvals from regulatory authorities and the CSE. There can be no assurance that the transaction will be completed on the current terms or at all. Closing of the Acquisition is expected to occur on or before October 31, 2020.

For the latest news, activities, and media coverage, please visit the Harborside corporate website at <http://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/production 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 and today holds cannabis licenses for retail, distribution, cultivation, nursery and manufacturing. Harborside is currently a publicly listed company on the 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 include, among other things, statements with respect to the Closing of the Acquisition, the timing for Closing of the Acquisition, the purchase of the Subsequent Shares and the Remaining Shares, receipt of necessary regulatory approvals (including the approval of the CSE of the proposed transaction and any new insiders), the Company's corporate strategy moving forward and the Company's expected operational objectives of providing best-in-class service and product selection.

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 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 and in the Company's management's discussion and analysis for the period ended June 30, 2020, filed under the Company's profile on SEDAR at www.sedar.com.

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.

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