



# Harborside Inc. Announces Cultivation Facility Upgrades and Launch of Clones Sales at All Harborside Retail Stores

OAKLAND, Calif. and TORONTO, Nov. 6, 2020 /CNW/ - Harborside Inc. ("Harborside", or the "Company") (CSE: HBOR), (OTCQX: HBORF), a California-focused, vertically-integrated cannabis enterprise, announced today that it is engaging in a substantial upgrade of one of its approximately 45,000 square foot greenhouses at its 47-acre integrated production campus in Salinas, California (the "Salinas Facility").

The planned upgrades include, among other things, the installation of blackout curtains and supplemental LED grow lights in the greenhouse. Following the successful completion of these upgrades, on an annualized basis, the Company expects an approximately 50% increase in production from this greenhouse, an expected approximately 10% increase in bulk wholesale revenue capacity, and an approximately 7% increase in the total productive capacity of the Salinas Facility. The project is expected to be completed within the first quarter of 2021 and the Company expects that the total cost of the updates will be fully recouped within the first twelve months of operation following completion of the project.

In addition, the Company announced today that its in-house brand, Harborside Farms, a highly recognized, customer-centric product line, will commence sales of clones grown at its Salinas Facility at all Harborside branded locations, including Desert Hot Springs. On a year-over-year basis, sales of Harborside Farms products have grown by 229% at Harborside's iconic dispensaries capturing 42% of its total retail flower sales through the end of the third quarter of 2020, demonstrating continuing strength and customer loyalty to one of its flagship brands.

"We have carved out a strong reputation for supplying high-quality cannabis products to the growing California market and these upgrades are a crucial investment that will fuel our growth heading into 2021," said Peter Bilodeau, Interim CEO and Chairman of Harborside. "Leveraging the strength of our Salinas facility, we're thrilled to be officially commencing sales of clones that are grown at our farm and only available at our stores immediately. This new in-house product category was developed utilizing sustainable cultivation techniques to provide discerning consumers with access to locally grown, high-quality cannabis."

The Company's clone initiative aims to capitalize on these trends and the continued high-quality production from its Salinas Facility, and will underscore the single-source, local nature of the Harborside Farms brand, as well as its emphasis on sustainable cultivation practices. The initiative will also continue to enhance the Company's retail gross margins by adding an additional in-house product category sourced internally from its Salinas Facility.

At its retail dispensaries, clones (inclusive of seeds and seedlings) are expected to comprise approximately 5% of the Company's total annual retail sales, or approximately \$2M in annual net retail revenue in 2020. The Company's average gross margin in this category is approximately 52% through the end of the third quarter. The Company anticipates Harborside Farms clones capturing at least 50% of total clone sales throughout the course of 2021, resulting in total sales of approximately \$1M, with estimated gross margins as high as 90%. The Company expects average gross margins across its entire clones category to increase to approximately 70% during 2021 as a result of this initiative, providing an approximate 18% improvement over its expected annual average gross margin in this category as compared to 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](http://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) and the Company's corporate strategy moving forward.

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](http://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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CNW 08:00e 06-NOV-20