



Harborside Inc. Announces Upsize of Previously Announced Private Placement to C\$27 Million

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OAKLAND, Calif. and TORONTO, ON, Jan. 20, 2021 /CNW/ - Harborside Inc. ("Harborside", or the "Company") (CSE: HBOR), (OTCQX: HBORF), a California-focused, vertically-integrated cannabis enterprise, is pleased to announce that it has upsized its previously announced brokered private placement of units (the "Units") of the Company at a price of C\$2.55 per SVS Unit (as defined below) for gross proceeds of approximately C\$27 million (the "Offering"), representing an increase of C\$7 million, due to excess demand. ATB Capital Markets and Beacon Securities Limited are co-lead agents to the Offering (the "Agents").

The Company has granted the Agents an option to sell up to an additional 15% of the Units in the Offering, exercisable in whole or in part at any time prior to closing of the Offering.

As previously announced, Entourage Effect Capital, LLC, one of the largest shareholders of Harborside, is participating in the Offering with approximately C\$9.0 million in commitment.

Each Unit issued to non-residents of the United States (an "SVS Unit") will be comprised of one subordinate voting share of the Company (the "Subordinate Voting Shares") and one Subordinate Voting Share purchase warrant (each a "Warrant") of the Company. Each Warrant will be exercisable to acquire one Subordinate Voting Share of the Company (a "Warrant Share") for a period of 36 months following the Closing Date (as defined below) at an exercise price of C\$3.69 per Warrant Share, subject to adjustment and acceleration in certain events.

All investors that are considered residents of the United States under the United States Securities Exchange Act of 1934, will be issued units comprised of multiple voting shares of the Company (the "Multiple Voting Shares") and Multiple Voting Share purchase warrants of the Company, which will be based on the same economic equivalency of each Multiple Voting Share converting into 100 Subordinate Voting Shares.

The Company expects to use the net proceeds from the Offering for general corporate and working capital purposes.

Subject to customary closing conditions, including applicable CSE approvals, the Offering is expected close on or about February 9, 2021 (the "Closing Date"), or such other date as the Company and the Agents may agree.

As certain insiders and other related parties of the Company will be participating in the Offering, it is deemed to be a "related party transaction" as defined under Multilateral Instrument 61-101— Protection of Minority Security Holders in Special Transactions ("MI 61-101"). The Offering is exempt from the formal valuation and minority shareholder approval requirements of MI 61-101 (pursuant to subsections 5.5(a) and 5.7(a)) as the fair market value of the securities distributed to,

and the consideration received from, related parties will not exceed 25% of the Company's market capitalization.

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. 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 expected use of proceeds from the Offering and the anticipated Closing Date.

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 cannabis markets where the Company operates; changing consumer habits; the ability of the Company to successfully achieve its business objectives; plans for expansion; political, social and environmental uncertainties; inability to obtain adequate insurance to cover risks and hazards; employee relations 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 markets where the Company operates. 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, through several of its subsidiaries, 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 September 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 Canadian Securities Exchange ("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 09:00e 20-JAN-21