



Harborside Inc. Announces a Private Placement of Equity Units of up to US\$10 Million Concurrently with Announcement of M&A Transactions

Strong Support from Existing Investors to Support the Pro-Forma Combined Company Following the Concurrent M&A Transactions

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OAKLAND, Calif. and TORONTO, ON, Nov. 29, 2021 /CNW/ - Harborside Inc. ("Harborside", or the "Company") (CSE: HBOR) (OTCQX: HBORF), a California-focused, vertically-integrated cannabis enterprise, today announced a non-brokered private placement of units (the "Units") of the Company (the "Offering") at a price of C\$0.79 per SVS Unit (as defined below) for gross proceeds of up to US\$10 million.

Each Unit issued 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 60 months following the closing date of the Offering (the "Closing Date") at an exercise price of C\$0.79 per Warrant Share, subject to adjustment and acceleration in certain events.

The Company has also announced today that it has entered into definitive agreements (the "Definitive Agreements") to acquire LPF JV Corporation ("Loudpack"), a leading manufacturer, cultivator and distributor of award-winning cannabis brands in California, and UL Holdings Inc. ("Urbn Leaf"), a top California cannabis retailer with a dominant position in Southern California (collectively, the "Transactions"). On completion of the Transactions, Harborside is expected to be renamed StateHouse Holdings ("StateHouse"), subject to shareholder and regulatory approval. Further details on the Transactions are provided in a separate press release issued concurrently.

To the extent the strategic combination with Urbn Leaf and Loudpack is completed, the proceeds from the Offering will be used for growth capital of the combined entity. Otherwise, proceeds of the Offering will be used for general corporate and working capital purposes of Harborside.

Subject to customary closing conditions, including applicable CSE approvals, the Offering is expected to close on or about December 15, 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 businesses 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, a cultivation/production facility in Salinas, California, a manufacturing facility in Oakland, California and distribution hubs in San Jose and Los Angeles, California. The Company sells its Fuzzies, Sublime, KEY and Harborside Farms branded consumer products through third party retailers and delivery outlets across the state of California, as well as in its own stores. Harborside has played an instrumental role in making cannabis safe and accessible to a broad and diverse community of California consumers since 2006, when it was awarded one of the first six cannabis licenses granted in the United States. Today, the Company holds cannabis licenses for in-store retail, delivery, distribution, cultivation, nursery and manufacturing. Harborside is currently a publicly listed company on the Canadian Securities Exchange ("CSE") trading under the ticker symbol "HBOR" and on the OTCQX Best Market under the ticker symbol "HBORF". Additional information regarding Harborside is available under Harborside's SEDAR profile at www.sedar.com.

About Urbn Leaf:

Founded in 2016 by entrepreneur Will Send, Urbn Leaf is an omni-channel retailer of the highest quality cannabis products available in California. The company first opened its Feel Good Boutique to the public with one store in San Diego in 2018 and has since grown to include seven retail locations and delivery options. The company employs 400 employees, including passionate budtenders who educate guests on the product line including bestsellers like Raw Garden, Kurvana, Kiva, Jeeter and Cannabiotix as well as Urbn Leaf's own branded products.

About Loudpack:

Loudpack is a leading privately-held, vertically-integrated cannabis company headquartered in Los Angeles, with a cultivation, manufacturing, processing and distribution footprint across California. A brands-first organization, Loudpack has been built to consistently produce and deliver its high-quality branded product at scale. Sold and self-distributed to retailers statewide in California, Loudpack's house of brands cover nearly every form factor. The Company's brands distributed in California include Kingpen, Loudpack, Dimebag, and Smokiez. For more information, visit <https://www.loudpack.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, the completion of the Offering and the Transactions on the terms described herein, if at all, and timing to complete the Offering and the Transactions.

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; 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; and the risk factors set out in the Company's management's discussion and analysis for the quarter ended September 30, 2021 and the Company's listing statement dated May 30, 2019, which are available under the Company's profile on www.sedar.com. 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 but investors should note that there are significant legal restrictions and regulations which govern the cannabis industry in the United States. Cannabis remains a Schedule I drug under the US Controlled Substances Act, making it illegal under federal law in the United States to, among other things, cultivate, distribute or possess cannabis in the United States. Financial transactions involving proceeds generated by, or intended to promote, cannabis-related business activities in the United States may form the basis for prosecution under applicable US federal money laundering legislation.

While the approach to enforcement of such laws by the federal government in the United States has trended toward non-enforcement against individuals and businesses that comply with recreational and medicinal cannabis programs in states where such programs are legal, strict compliance with state laws with respect to cannabis will neither absolve the Company of liability under US federal law, nor will it provide a defense to any federal proceeding which may be brought against the Company. The enforcement of federal laws in the United States is a significant risk to the business of the Company and any proceedings brought against the Company thereunder may adversely affect the Company's operations and financial performance.

This news release does not constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of any of the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful, including any of the securities in the United States of America. The securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "1933 Act") or any state securities laws and may not be offered or sold within the United States or to, or for account or benefit of U.S. Persons (as defined in Regulation S under the 1933 Act) unless registered under the 1933 Act and applicable state securities laws, or an exemption from such registration requirements 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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