

Harborside Inc. Completes Acquisition of Urbn Leaf and Appoints Ed Schmults as CEO

- First of two acquisitions to create StateHouse Holdings -

OAKLAND, Calif. and TORONTO, March 1, 2022 /CNW/ - Harborside Inc. ("Harborside", or the "Company") (CSE: HBOR) (OTCQX: HBORF), a California-focused, vertically integrated cannabis enterprise, today announced that it completed the previously announced acquisition of UL Holdings Inc. ("Urbn Leaf"), a leading California cannabis retailer with a dominant position in southern California. The Company is also pleased to announce that Ed Schmults has been appointed as Chief Executive Officer ("CEO") and a director of Harborside, effective immediately.

Pursuant to the terms of the definitive agreement announced on November 29, 2021, Harborside acquired 100% of the equity interests of Urbn Leaf through the issuance of 60,000,000 subordinate voting shares ("SVS"), and the restructuring and assumption of debt (the "UL Acquisition").

In addition to acquiring Urbn Leaf, Harborside is also working to complete the previously announced acquisition of LPF JV Corporation ("Loudpack") (the "Loudpack Acquisition"). Both the UL Acquisition and the Loudpack Acquisition were overwhelmingly approved by Harborside shareholders at a special meeting of shareholders held on February 22, 2022. The Loudpack Acquisition is expected to close on or around March 15, 2022. Harborside will officially be renamed StateHouse Holdings Inc. ("StateHouse") shortly after the closing of the Loudpack Acquisition (the "Name Change").

"Today's milestone gets us one step closer to the creation of StateHouse, a new leader in California's cannabis sector," said Matthew Hawkins, Chairman of the board of directors (the "Board") and previously interim CEO of Harborside. "We are grateful to the entire Urbn Leaf team that worked with us to finalize this transaction, including its seasoned CEO, Ed Schmults, who has been appointed as CEO and a director of Harborside."

"This sets a strong course forward as we navigate a competitive and evolving cannabis market in California," said Mr. Schmults. "The combined assets of Urbn Leaf and Harborside provide an excellent opportunity for shareholders, and set the stage for the addition of Loudpack. We believe that StateHouse will be one of the largest and most sophisticated cannabis platforms in the state of California with superior retail, brands, processing, manufacturing, distribution and cultivation. This is a resilient platform for growth as a consolidator of California's cannabis industry and supports enhanced career and business opportunities for everyone in the StateHouse ecosystem."

The appointment of Ed Schmults to the Board fills a vacancy created by the previously announced resignation of Alexander Norman. Mr. Schmults has more than 30 years of experience in global branded consumer products, omnichannel retail, product development, finance, operations, IT, and green and socially responsible businesses. He held CEO roles at FAO Schwarz and Wild Things Gear, and COO roles at Patagonia and Red Envelope, following a position in investment banking at Goldman, Sachs & Company.

Harborside also announced that Will Senn has been appointed Chief Corporate Development Officer of the Company. Mr. Senn, who was named one of the top 100 most influential people in the cannabis industry by High Times, founded Urbn Leaf in 2017 and has been involved in several cannabis ventures over the last 16 years. He also created a number of successful industry trade associations, including the United Medical Marijuana Coalition, Patient Care Association and the Global Alliance for Cannabis Commerce.

Concurrent with the closing of the UL Acquisition, the Company entered into lock-up agreements with certain shareholders of Urbn Leaf (the "Urbn Leaf Locked-Up Shareholders") in respect of the SVS received by such shareholders (the "Urbn Leaf Lock-Up Agreements"). Pursuant to the Urbn Leaf Lock-Up Agreements, the Urbn Leaf Locked-Up Shareholders have agreed not to sell, assign or otherwise transfer the SVS received. The restrictions lapse in three installments, with each one-third of the SVS released from the restrictions six months, 12 months and 18 months from today, respectively.

ATB Capital Markets Inc. and Stoic-Solidum Advisory acted as financial advisors to Harborside. Aird & Berlis LLP and Cassels Brock & Blackwell LLP acted as Canadian legal counsel and Duane Morris LLP acted as United States legal counsel to Harborside. PI Financial provided a fairness opinion on the UL Acquisition to Harborside. PGP Capital Advisors, LLC acted as financial advisor and Burns & Levinson LLP acted as United States legal counsel to Urbn Leaf.

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](#) and [Twitter](#).

About Harborside:

Harborside Inc., a vertically integrated enterprise with cannabis licenses covering retail, major brands, distribution, cultivation, nursery and manufacturing, is one of the oldest and most respected cannabis companies in California. Founded in 2006, Harborside was awarded one of the first six medical cannabis licenses granted in the United States. Today, the company operates eleven major dispensaries covering Northern and Southern California and one in Oregon, as well as a manufacturing facility in Oakland, California, distribution facilities in San Jose and Los Angeles, California and an integrated cultivation/production facility in Salinas, California. Harborside is a publicly listed company, trading on the CSE under the ticker symbol "HBOR" and the OTCQX under the ticker symbol "HBORF". The Company continues to play an instrumental role in making cannabis safe and accessible to a broad and diverse community of California and Oregon consumers.

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 and United States 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 relating to StateHouse becoming one of the largest and most sophisticated cannabis platform in the state of California, enhanced career and business opportunities following the UL Acquisition and Loudpack Acquisition, timing to complete the Loudpack Acquisition and the Name Change, and the benefits and synergies created by the UL Acquisition and the Loudpack Acquisition, including with respect to production, manufacturing, distribution and cultivation

capabilities, product offering and StateHouse's position in the California cannabis market following the completion of such 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: whether the Company will receive additional voting support agreements for matters to be considered by shareholders at the Meeting; implications of the ongoing 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 and acquisitions; political and social 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 discussion and analysis for the period ended September 30, 2021 and the Company's annual information form dated December 13, 2021, 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 however, investors should note that there are significant legal restrictions and regulations that 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 United States 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 United States 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, 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.

View original content:

<https://www.prnewswire.com/news-releases/harborside-inc-completes-acquisition-of-urbn-leaf-and-appoints-ed-schmults-as-ceo-301493480.html>

SOURCE Harborside Inc.

View original content: <http://www.newswire.ca/en/releases/archive/March2022/01/c9841.html>

%SEDAR: 00013218E

For further information: Company Contact: Harborside Inc., Roman Stahl, VP Investor Relations, Mergers & Acquisitions, ir@hborgroup.com; Investor Contact: Bay Street Communications, Philip Koven, Managing Partner, pkoven@baystreetcommunications.com; Urbn Leaf Contact: CGPR, Chris Ann Goddard, Presiden, chris@cgprpublicrelations.com

CO: Harborside Inc.

CNW 20:49e 01-MAR-22