**EXECUTION VERSION**

# AMENDMENT NO. 1
# TO
# AGREEMENT AND PLAN OF MERGER AND REORGANIZATION

This Amendment No. 1 to Agreement and Plan of Merger and Reorganization (this "Amendment") is entered into as of April 4, 2022, by and among Harborside Inc., a corporation existing under the laws of the Province of Ontario ("Parent"), LPF Merger Sub, Inc., a Delaware corporation and a wholly-owned subsidiary of Parent ("Merger Sub"), LPF JV Corporation, a Delaware corporation (the "Company"), and LPF Holdco, LLC, a Delaware limited liability company and the sole stockholder of the Company (the "Sole Stockholder"). Capitalized terms not otherwise defined herein shall have the meaning given to such terms in the Merger Agreement.

## RECITALS

WHEREAS, Parent, Merger Sub, the Company and the Sole Stockholder entered into that certain Agreement and Plan of Merger and Reorganization (the "Merger Agreement"), dated November 29, 2021, pursuant to which Merger Sub will merger with and into the Company with the Company being the surviving entity therein;

WHEREAS, the Sole Stockholder has advised Parent and Merger Sub that it will not satisfy the closing condition set forth in Section 7.02(l) of the Merger Agreement and Parent and Merger Sub have agreed to waive this closing condition; and

WHEREAS, in accordance with Section 9.07 of the Merger Agreement, the parties wish to amend certain terms and provisions of the Merger Agreement;

NOW, THEREFORE, in consideration of the foregoing, the representations, warranties, covenants and agreements set forth in this Amendment, and other good and valuable consideration, the adequacy and receipt of which is hereby acknowledged, the parties hereby agree as follows:

1. Amendments. The Parties hereby agree that the Merger Agreement shall be amended as follows:

(a) The definition of "Accounts Payable" in Section 1.1 of the Merger Agreement is hereby amended in its entirety to read as follows:

> ""Accounts Payable" means, as of a specified date, the sum of (i) the accounts payable of the Company and its Subsidiaries, on a consolidated basis, ***plus*** (ii) the aggregate amounts owed by the Company and its Subsidiaries under the obligations to related parties set forth on Schedule 6.12, ***less*** (iii) the aggregate amount of Transaction Expenses that would otherwise be reflected in accounts payable, in each case as determined in accordance with IFRS, consistently applied, ***less*** (iv) the aggregate amounts owed by the Company and its Subsidiaries to FLRish Farms Cultivation 2, LLC, ***less*** (v) the amount of $150,000 for payments made by the Company since the date hereof related to the Company's West Hollywood dispensary, ***less*** (vi) an amount equal to any and all amounts owed to the Company and its Subsidiaries by Retailer A and its Subsidiaries."

(b) The definition of "Accounts Payable Adjustment" in Section 1.1 of the Merger Agreement is hereby amended in its entirety to read as follows:

> ""Accounts Payable Adjustment" means the amount of SVS determined as follows: the sum of (1)(a) the amount by which (i) the remainder of (A) the Accounts Payable of the Company as of the Closing Date, less (B) the Prepaid Transaction Expenses, each as set forth on the Company Closing Statement, exceeds (ii) $7,500,000 but is less than or equal to $10,000,000, divided by (b) the greater of (X) the Fair Market Value of SVS as of the Closing Date, and (Y) $1.00, plus (2)(a) the amount by which (i) the remainder of (A) the Accounts Payable of the Company as of the Closing Date, less (B) the Prepaid Transaction Expenses, each as set forth on the Company Closing Statement, exceeds (ii) $10,000,000, divided by (b) the greater of (X) the Fair Market Value of SVS as of the Closing Date, and (Y) the price of SVS in Dollars issued in the Equity Financing; provided, however, if Parent has not completed an Equity Financing prior to the release of the Adjustment Escrow Amount, then the price under the immediately preceding clause (b) shall be the greater of (X) $1.00 and (B) the then current Fair Market Value of SVS."

(c) The definition of "Carveout Assets" in Section 1.1 of the Merger Agreement is hereby amended in its entirety to read as follows:

> ""Carveout Assets" means (i) 100% of the membership interests of Altum LPF LLC, a Delaware limited liability company, (ii) 100% of the membership interests of LPF North LLC, a Delaware limited liability company, (iii) all of the Company's right, title and interest in its membership interests of Hemp Investors, LLC, a Delaware limited liability company, representing approximately 29.6% of the outstanding membership interests of Hemp Investors, LLC, (iv) all of the Company's right, title and interest in its membership interests of Honey Pot JV, LLC, a California limited liability company, representing approximately 80.0% of the outstanding membership interests of Honey Pot JV, LLC, and (v) 100% of the equity interests in Humboldt Partner Group, Inc., a California corporation."

(d) The definition of "Company Equity Value" in Section 1.1 of the Merger Agreement is hereby amended in its entirety to read as follows:

> ""Company Equity Value" means the implied equity value of the Company based on the Company's audited financial statements for the fiscal year ended December 31, 2020, and cash and the specified Indebtedness (which, for avoidance of doubt, shall include the TB Note Amount and the balance of the Inventory Prepayment), as of the end of the Business Day immediately preceding the Closing Date, and other agreed adjustments, and an enterprise value to revenue multiple of 3.9x, and shall otherwise be computed in accordance with Schedule 2.10(a)."

(e) The following definition shall be added to Section 1.1 of the Merger Agreement:

> ""Equity Financing" means an equity financing of Parent that yields net cash proceeds to Parent of not less than Five Million Dollars ($5,000,000), (i) of which at least 67% of which comes from Persons that are not Affiliates of Parent, or (ii) is supported by a valuation opinion issued by a nationally recognized, independent investment bank."

(f) The definition of "Initial Equity Consideration" shall be amended in its entirely to read as follows"

> ""Initial Equity Consideration" means the Equity Consideration, *less* (i) the Indemnification Escrow Amount and (ii) the Adjustment Escrow Amount."

(g) The definition of "Junior Carryover Notes" in Section 1.1 of the Merger Agreement is hereby amended in its entirety to read as follows:

> ""Junior Carryover Notes" means those certain Subordinated Debentures issued by the Company to the holders thereof, that are amended and restated as of the Closing generally on the terms set forth in Exhibit D to the Support Agreement in the aggregate principal amount of Eight Million Dollars ($8,000,000)."

(h) The definition of "Parent Equity Value" in Section 1.1 of the Merger Agreement is hereby amended in its entirety to read as follows:

> ""Parent Equity Value" means the implied equity value of Parent together (on a pro forma basis with all Bulk-Up Subsidiaries acquired prior to or contemporaneously with the Closing based on Parent and such Bulk-Up Subsidiaries' respective audited financial statements for the fiscal year ended December 31, 2020), and cash, the specified Indebtedness (which, for avoidance of doubt, shall exclude the aggregate principal amount of the Carryover Notes) as of the end of the Business Day immediately preceding the Closing Date for each of Parent and such Bulk-Up Subsidiaries, and other agreed adjustments, and an enterprise value to revenue multiple of 3.28x for Parent and such Bulk-Up Subsidiaries, and otherwise computed in accordance with Schedule 2.10(b)."

(i) The definition of "Senior Carryover Notes" in Section 1.1 of the Merger Agreement is hereby amended in its entirety to read as follows:

> ""Senior Carryover Notes" means those certain Senior Debentures issued by the Company to the holders thereof, that are amended and restated as of the Closing generally on the terms set forth in Exhibit D to the Support Agreement, in the aggregate principal amount of Seventeen Million Dollars ($17,000,000)."

(j) Schedule 1.01 shall be deleted in its entirety and replaced with the Schedule 1.01 attached hereto.

(k) Section 2.11(a) of the Merger Agreement is hereby amended in its entirety to read as follows:

> "(a) Determination of Final Merger Consideration. Within ninety (90) days after the Closing Date, Parent shall prepare and deliver to the Sole Stockholder a statement (the "Final Closing Statement"), setting forth its proposed calculation of the Merger Consideration, in accordance with Schedule 2.10(a) and Schedule 2.10(b) and the provisions of this Agreement."

(l) Section 2.11(e) of the Merger Agreement is hereby amended in its entirety to read as follows:

> "(e) Adjustment to Merger Consideration.

(i) If there is finally determined pursuant to this Section 2.11 a Merger Consideration Deficit, Parent and the Sole Stockholder shall, within three (3) Business Days after the later of (1) such determination and (2) the earlier of (x) Parent's completion of an Equity Financing, or (y) the first anniversary of the Closing Date, deliver a joint written instruction to the Escrow Agent to pay to Parent the Merger Consideration Deficit, by transferring such number of Subordinate Voting Shares equal to the Merger Consideration Deficit. In the event that the Subordinate Voting Shares available in the Adjustment Escrow Account are less than the required number of shares to satisfy the Merger Consideration Deficit, then such shortfall amount shall be deducted from the Indemnification Escrow Account and delivered to Parent.

(ii) If there is finally determined pursuant to this Section 2.11 a Merger Consideration Surplus, Parent and the Sole Stockholder shall, within three (3) Business Days after the later of (1) such determination and (2) the earlier of (x) Parent's completion of an Equity Financing, or (y) the first anniversary of the Closing Date, deliver a joint written instruction to the Escrow Agent to pay to the Sole Stockholder the Merger Consideration Surplus, by transferring such number of Subordinate Voting Shares equal to the Merger Consideration Surplus. In the event that the Subordinate Voting Shares available in the Adjustment Escrow Account are less than the required number of shares to satisfy the Merger Consideration Surplus, Parent shall issue additional Subordinate Voting Shares equal to the Merger Consideration Surplus, less the Adjustment Escrow Amount; provided, however, Parent shall not have to issue more than 3,000,000 additional Subordinate Voting Shares pursuant to this Section 2.11."

(m) The first sentence of Section 2.17(a)(ii) of the Merger Agreement is hereby amended in its entirety to read as follows:

"Deposit 3,000,000 Subordinate Voting Shares (the "Adjustment Escrow Amount") with the Escrow Agent, which shall deposit such Adjustment Escrow Amount into a segregated escrow account (the "Adjustment Escrow Account") to be used to satisfy any Merger Consideration Deficit as determined in accordance with Section 2.11."

(n) Section 6.04(d) of the Merger Agreement is hereby amended by striking "March 31, 2022" and replacing it with "April 15, 2022".

(o) Section 6.11 of the Merger Agreement is hereby amended to include a new subsection (d) as follows:

"(d) Sole Stockholder and Parent shall each pay 50% of all costs and expenses related to (i) any contractual severance payments due or owed to Keith Adams, up to $450,000, and (ii) payments payable any consulting agreement between Parent or its Affiliates and Keith Adams, up to $36,000."

(p) Section 8.02 of the Merger Agreement is hereby amended to include a new subsection (e) as follows:

"(e) the matters set forth on Schedule 8.02(e); provided, however, that matters subject to indemnification pursuant to this Section 8.02(e) shall not be subject to indemnification pursuant to Section 8.02(a), Section 8.02(b) or Section 8.02(c) of this Agreement."

(q) Schedule 8.02(e), attached hereto, shall be made part of the Merger Agreement.

(r) Section 8.04(b) of the Merger Agreement is hereby amended in its entirety to read as follows:

> "(b) The maximum amount of Losses for which Parent Indemnified Parties, in the aggregate, shall be entitled to receive indemnification under Section 8.02(a), Section 8.02(b), Section 8.02(c) and Section 8.02(e) shall be the lesser of (i) ***[Redacted – commercially sensitive information]*** and (ii) the then-Fair Market Value of the Indemnification Escrow Shares then remaining in escrow, payable as set forth in Section 8.06(a). Notwithstanding the foregoing, solely for the purposes of determining whether the Parent Indemnified Parties have received the maximum indemnification to which they are entitled pursuant to this Section 8.04(b), the dollar value of the Losses for which Parent may have been indemnified pursuant to Section 8.02(e) shall be discounted by seventy five percent (75%). By way of example, and assuming no prior indemnity claims, in the event that the Parent Indemnified Parties are entitled to an indemnification payment of Two Million Dollars ($2,000,000) pursuant to Section 8.02(e), then the Parent Indemnified Parties shall not be entitled under any circumstances to further indemnification in excess of the lesser of (i) ***[Redacted – commercially sensitive information]*** and (ii) the then-Fair Market Value of the Indemnification Escrow Shares then remaining in escrow."

(s) Section 8.04(d) of the Merger Agreement is hereby amended in its entirety to read as follows:

> "(d) Notwithstanding anything to the contrary in this Agreement, the limitations set forth in this Section 8.04 shall not apply to or have any effect upon any claim for indemnification for Losses pursuant to Section 8.02(d) or Section 8.03(e), and the Indemnifying Party shall indemnify an Indemnified Party from and against the entirety of such Losses; provided, however, that the Indemnifying Party shall not have any obligation to indemnify an Indemnified Party from and against any Losses which arise after the end of any applicable statute of limitations."

(t) Section 8.05 of the Merger Agreement is hereby amended to include a new subsection (d) as follows:

> "(d) In addition to the provisions of Section 8.05(a), Section 8.05(b) and Section 8.05(c), with respect to any of the matters set forth on Schedule 8.02(e), in the event that the Indemnifying Party does not elect to assume and control the defense thereof, the Indemnifying Party shall have the rights to consent in writing to any settlement of such matters, provided that in neither instance may such approval or written consent be unreasonably withheld, delayed or conditioned; and provided, further, that the Sole Stockholder shall have obligations under Section 8.02(e) with respect to any actions taken by the Parent Indemnified Parties prior to or without the approvals or consents provided for herein."

(u) Section 9.02(a) of the Merger Agreement is hereby amended by striking "March 31, 2022" and replacing it with "April 15, 2022".

(v) The second sentence of Section 6 to Schedule 2.10(a) and 2.10(b) to the Merger Agreement is hereby amended in its entirety to read as follows:

"For Parent add cash related to the following:

- Cash consideration related to the purchase of Accucanna LLC and associated real estate of September 2, 2021 for the amount of $3,384,646.

- Any and all amounts due from the Company to FLRish Farms Cultivation 2, LLC.

- To the extent the settlement payment from Lucrum Enterprises Inc. has not been received, $500,000.

For Parent reduce cash related to the following:

- $400,000, representing the expenses and costs for the professional services related to the Retailer A transaction.

- Cash proceeds related to the Equity Financing, if any.

For Company reduce cash related to the following:

- Any and all amounts due from the Company to FLRish Farms Cultivation 2, LLC.

2. Parent and Merger Sub hereby waive Sole Stockholder and the Company's satisfaction of the closing condition set forth in Section 7.02(l) of the Merger Agreement.

3. Except as specifically provided in this Amendment, no provision of the Merger Agreement is modified, changed, waived, discharged or otherwise terminated and the Merger Agreement shall continue to be in full force and effect. This Amendment, together with the Merger Agreement, constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all other prior agreements and understandings, both written and oral, between the parties with respect to the subject matter hereof. This Amendment may be executed and delivered (including by facsimile) in several counterparts, each of which shall constitute an original and all of which, when taken together, shall constitute one agreement.

*[Signatures Appear on Following Page]*

IN WITNESS WHEREOF, the parties have executed this Amendment as of the date first set forth above.

PARENT:

HARBORSIDE INC.

By: (signed) "*Edward Schmults*"
Name: Edward Schmults
Title: Chief Executive Officer

MERGER SUB:

LPF MERGER SUB, INC.

By: (signed) "*John Nichols*"
Name: John Nichols
Title: President

SOLE STOCKHOLDER:

LPF HOLDCO, LLC

By: (signed) "*Marc Ravner*"
Name: Marc Ravner
Title: Chief Executive Officer

COMPANY:

LPF JV CORPORATION

By: (signed) "*Marc Ravner*"
Name: Marc Ravner
Title: Chief Executive Officer

**Schedule 1.01**
**Transaction Expenses**

***[Redacted – commercially sensitive information]***

**Schedule 8.02(e)**
**Indemnification by the Sole Stockholder**

***[Redacted – commercially sensitive information]***