

## HARBORSIDE INC.

### EARLY WARNING REPORT FILED PURSUANT TO NATIONAL INSTRUMENT 62-103

*Amendment to Early Warning Report dated May 2, 2022.*

#### **Item 1 – Security and Reporting Issuer**

**1.1 State the designation of securities to which this report relates and the name and address of the head office of the issuer of the securities.**

Security Designation: (i) Shares (as defined below), (ii) Warrants (as defined below);  
(iii) Options (as defined below); and (iv) RSUs (as defined below).

Harborside Inc. (the “**Issuer**”)  
2100 Embarcadero, Suite 202  
Oakland, California USA 94606

**1.2 State the name of the market in which the transaction or other occurrence that triggered the requirement to file this report took place.**

See Item 2.2 below.

#### **Item 2 – Identity of the Acquiror**

**2.1 State the name and address of the acquiror**

Cresco Capital Partners II, LLC (“**Cresco**”)  
2801 Woodside Street  
Dallas, Texas 75204 USA

Cresco is organized under the laws of the State of Delaware. Cresco is engaged in the business of investing in securities.

**2.2 State the date of the transaction or other occurrence that triggered the requirement to file this report and briefly describe the transaction or other occurrence.**

On April 29, 2022, the Issuer repaid certain outstanding promissory notes by: (i) a cash payment in the amount of US\$358,541.10; and (ii) the issuance of US\$5.87 million worth of subordinate voting shares (“**Shares**”) of the Issuer at a price of \$0.45 per Share (the “**Note Repayment**”). In connection with the Note Repayment, Cresco was issued 14,960,957 Shares.

**2.3 State the names of any joint actors.**

CCP Flrish Inc. (“**CCPF**”), Cresco Capital Partners, LLC (“**CCP**”), RARCOZ, LLC (“**RAR**”), CCP URBN, LLC (“**CCPU**”), Matthew Hawkins (“**Hawkins**”) and Andrew Sturner (“**Sturner**”) and together with CCPF, CCP, RAR, CCPU and Hawkins the “**Joint Actors**”), may be considered joint actors of Cresco.

### Item 3 – Interest in Securities of the Reporting Issuer

#### 3.1 State the designation and number or principal amount of securities acquired or disposed of that triggered the requirement to file this report and the change in the acquirer's securityholding percentage in the class of securities.

Immediately prior to the Note Repayment, assuming that Cresco is only entitled to 2,057,025 Shares pursuant to the acquisition of Sublimation Inc. (“**Sublime**”) by the Issuer, that Cresco is entitled to 2,111,167 Shares pursuant to the acquisition of UL Holdings Inc. (“**Urbn Leaf**”) by the Issuer, that RAR is entitled to 791,664 Shares pursuant to the acquisition of Urbn Leaf by the Issuer and that CCPU is entitled to 1,256,059 Shares pursuant to the acquisition of Urbn Leaf by the Issuer, (i) Cresco beneficially owned, and exercised control or direction over (A) 8,415,830 Shares and (B) warrants (the “**Warrants**”) exercisable to acquire an aggregate of 3,550,000 Shares, representing approximately 3.6% of the issued and outstanding Shares on a non-diluted basis and approximately 5.0% of issued and outstanding Shares on a partially-diluted basis, assuming the exercise of the Warrants held by Cresco; (ii) CCPF beneficially owned, and exercised control or direction over 385,542 Shares, representing approximately 0.2% of the issued and outstanding Shares on a non-diluted basis; (iii) CCP beneficially owned, and exercised control or direction over 96,385 Shares, representing approximately 0.1% of the issued and outstanding Shares on a non-diluted basis; (iv) RAR beneficially owned, and exercised control or direction over 791,664 Shares, representing approximately 0.3% of the issued and outstanding Shares on a non-diluted basis; (v) CCPU beneficially owned, and exercised control or direction over 1,256,059 Shares, representing approximately 0.5% of the issued and outstanding Shares on a non-diluted basis; (vi) Hawkins beneficially owned, and exercised control or direction over options (the “**Options**”) exercisable into an aggregate of 333,350 Shares and restricted share units (the “**RSUs**”) convertible into an aggregate of 450,000 Shares, representing approximately 0.3% of issued and outstanding Shares on a partially-diluted basis, assuming the exercise of the Options and RSUs held by Hawkins; and (vii) Sturner beneficially owned, and exercised control or direction over (A) 125,100 Shares; (B) Warrants exercisable to acquire 125,100 Shares; and (C) Options exercisable into an aggregate of 180,000 Shares, representing approximately 0.1% of the issued and outstanding Shares on a non-diluted basis and approximately 0.2% of issued and outstanding Shares on a partially-diluted basis, assuming the exercise of the Warrants and Options held by Sturner.

Collectively, assuming that Cresco is only entitled to 2,057,025 Shares pursuant to the acquisition of Sublime by the Issuer, that Cresco is entitled to 2,111,167 Shares pursuant to the acquisition of Urbn Leaf by the Issuer, that RAR is entitled to 791,664 Shares pursuant to the acquisition of Urbn Leaf by the Issuer and that CCPU is entitled to 1,256,059 Shares pursuant to the acquisition of Urbn Leaf by the Issuer, immediately prior to the completion of the Note Repayment, Cresco and the Joint Actors owned or exercised control or direction over an aggregate of (i) 11,070,580 Shares; (ii) Warrants exercisable to acquire an aggregate of 3,675,100 Shares; (iii) Options exercisable into an aggregate of 513,350 Shares; and (iv) RSUs convertible into an aggregate of 450,000 Shares, representing approximately 4.7% of the issued and outstanding Shares on a non-diluted basis and approximately 6.5% of issued and outstanding Shares on a partially-diluted basis, assuming the exercise of the Warrants, Options and RSUs held by Cresco and the Joint Actors.

Completion of the Note Repayment resulted in the issuance of 14,960,957 Shares to Cresco, representing an increase in Cresco's interest in the Shares of approximately 5.5% on a partially diluted basis, assuming the exercise of the Warrants held by Cresco. Collectively, assuming the exercise of the Warrants, Options and RSUs held by Cresco and the Joint Actors, completion of the Note Repayment resulted in an increase in the interest of Cresco and the Joint Actors in the Shares of approximately 5.9% on a partially diluted basis.

Following the completion of the Note Repayment, assuming that Cresco is only entitled to 2,057,025 Shares pursuant to the acquisition of Sublime by the Issuer, that Cresco is entitled to

2,111,167 Shares pursuant to the acquisition of Urbn Leaf by the Issuer, that RAR is entitled to 791,664 Shares pursuant to the acquisition of Urbn Leaf by the Issuer and that CCPU is entitled to 1,256,059 Shares pursuant to the acquisition of Urbn Leaf by the Issuer, (i) Cresco beneficially owns, and exercises control or direction over (A) 23,376,787 Shares and (B) Warrants exercisable to acquire an aggregate of 3,550,000 Shares, representing approximately 9.3% of the issued and outstanding Shares on a non-diluted basis and approximately 10.5% of issued and outstanding Shares on a partially-diluted basis, assuming the exercise of the Warrants held by Cresco; (ii) CCPF beneficially owns, and exercises control or direction over 385,542 Shares, representing approximately 0.2% of the issued and outstanding Shares on a non-diluted basis; (iii) CCP beneficially owns, and exercises control or direction over 96,385 Shares, representing approximately 0.1% of the issued and outstanding Shares on a non-diluted basis; (iv) RAR beneficially owned, and exercised control or direction over 791,664 Shares, representing approximately 0.3% of the issued and outstanding Shares on a non-diluted basis; (v) CCPU beneficially owned, and exercised control or direction over 1,256,059 Shares, representing approximately 0.5% of the issued and outstanding Shares on a non-diluted basis; (v) Hawkins beneficially owns, and exercises control or direction over Options exercisable into an aggregate of 333,350 Shares and RSUs convertible into an aggregate of 450,000 Shares, representing approximately 0.3% of issued and outstanding Shares on a partially-diluted basis, assuming the exercise of the Options and RSUs held by Hawkins; and (vi) Sturner beneficially owned, and exercised control or direction over (A) 125,100 Shares; (B) Warrants exercisable to acquire 125,100 Shares; and (C) Options exercisable into an aggregate of 180,000 Shares, representing approximately 0.1% of the issued and outstanding Shares on a non-diluted basis and approximately 0.2% of issued and outstanding Shares on a partially-diluted basis, assuming the exercise of the Warrants and Options held by Sturner.

Collectively, assuming that Cresco is only entitled to 2,057,025 Shares pursuant to the acquisition of Sublime by the Issuer, that Cresco is entitled to 2,111,167 Shares pursuant to the acquisition of Urbn Leaf by the Issuer, that RAR is entitled to 791,664 Shares pursuant to the acquisition of Urbn Leaf by the Issuer and that CCPU is entitled to 1,256,059 Shares pursuant to the acquisition of Urbn Leaf by the Issuer, immediately following the completion of the Note Repayment, Cresco and the Joint Actors own or exercise control or direction over an aggregate of (i) 26,031,537 Shares; (ii) Warrants exercisable to acquire an aggregate of 3,675,100 Shares; (iii) Options exercisable into an aggregate of 513,350 Shares; and (iv) RSUs convertible into an aggregate of 450,000 Shares, representing approximately 10.3% of the issued and outstanding Shares on a non-diluted basis and approximately 12.7% of issued and outstanding Shares on a partially-diluted basis, assuming the exercise of the Warrants, Options and RSUs held by Cresco and the Joint Actors.

**3.2 State whether the acquiror acquired or disposed ownership of, or acquired or ceased to have control over, the securities that triggered the requirement to file this report.**

Cresco acquired 14,960,957 Shares as a result of the Note Repayment.

**3.3 If the transaction involved a securities lending arrangement, state that fact.**

Not applicable.

**3.4 State the designation and number or principal amount of securities and the acquiror's securityholding percentage in the class of securities, immediately before and after the transaction or other occurrence that triggered the requirement to file this report.**

Immediately prior to the Note Repayment, assuming that Cresco is only entitled to 2,057,025 Shares pursuant to the acquisition of Sublime by the Issuer, that Cresco is entitled to 2,111,167 Shares pursuant to the acquisition of Urbn Leaf by the Issuer, that RAR is entitled to 791,664 Shares pursuant to the acquisition of Urbn Leaf by the Issuer and that CCPU is entitled to 1,256,059 Shares

pursuant to the acquisition of Urbn Leaf by the Issuer, (i) Cresco beneficially owned, and exercised control or direction over (A) 8,415,830 Shares and (B) Warrants exercisable to acquire an aggregate of 3,550,000 Shares, representing approximately 3.6% of the issued and outstanding Shares on a non-diluted basis and approximately 5.0% of issued and outstanding Shares on a partially-diluted basis, assuming the exercise of the Warrants held by Cresco; (ii) CCPF beneficially owned, and exercised control or direction over 385,542 Shares, representing approximately 0.2% of the issued and outstanding Shares on a non-diluted basis; (iii) CCP beneficially owned, and exercised control or direction over 96,385 Shares, representing approximately 0.1% of the issued and outstanding Shares on a non-diluted basis; (iv) RAR beneficially owned, and exercised control or direction over 791,664 Shares, representing approximately 0.3% of the issued and outstanding Shares on a non-diluted basis; (v) CCPU beneficially owned, and exercised control or direction over 1,256,059 Shares, representing approximately 0.5% of the issued and outstanding Shares on a non-diluted basis; (vi) Hawkins beneficially owned, and exercised control or direction over Options exercisable into an aggregate of 333,350 Shares and RSUs convertible into an aggregate of 450,000 Shares, representing approximately 0.3% of issued and outstanding Shares on a partially-diluted basis, assuming the exercise of the Options and RSUs held by Hawkins; and (vii) Sturner beneficially owned, and exercised control or direction over (A) 125,100 Shares; (B) Warrants exercisable to acquire 125,100 Shares; and (C) Options exercisable into an aggregate of 180,000 Shares, representing approximately 0.1% of the issued and outstanding Shares on a non-diluted basis and approximately 0.2% of issued and outstanding Shares on a partially-diluted basis, assuming the exercise of the Warrants and Options held by Sturner.

Collectively, assuming that Cresco is only entitled to 2,057,025 Shares pursuant to the acquisition of Sublime by the Issuer, that Cresco is entitled to 2,111,167 Shares pursuant to the acquisition of Urbn Leaf by the Issuer, that RAR is entitled to 791,664 Shares pursuant to the acquisition of Urbn Leaf by the Issuer and that CCPU is entitled to 1,256,059 Shares pursuant to the acquisition of Urbn Leaf by the Issuer, immediately prior to the completion of the Note Repayment, Cresco and the Joint Actors owned or exercised control or direction over an aggregate of (i) 11,070,580 Shares; (ii) Warrants exercisable to acquire an aggregate of 3,675,100 Shares; (iii) Options exercisable into an aggregate of 513,350 Shares; and (iv) RSUs convertible into an aggregate of 450,000 Shares, representing approximately 4.7% of the issued and outstanding Shares on a non-diluted basis and approximately 6.5% of issued and outstanding Shares on a partially-diluted basis, assuming the exercise of the Warrants, Options and RSUs held by Cresco and the Joint Actors.

Following the completion of the Note Repayment, assuming that Cresco is only entitled to 2,057,025 Shares pursuant to the acquisition of Sublime by the Issuer, that Cresco is entitled to 2,111,167 Shares pursuant to the acquisition of Urbn Leaf by the Issuer, that RAR is entitled to 791,664 Shares pursuant to the acquisition of Urbn Leaf by the Issuer and that CCPU is entitled to 1,256,059 Shares pursuant to the acquisition of Urbn Leaf by the Issuer, (i) Cresco beneficially owns, and exercises control or direction over (A) 23,376,787 Shares and (B) Warrants exercisable to acquire an aggregate of 3,550,000 Shares, representing approximately 9.3% of the issued and outstanding Shares on a non-diluted basis and approximately 10.5% of issued and outstanding Shares on a partially-diluted basis, assuming the exercise of the Warrants held by Cresco; (ii) CCPF beneficially owns, and exercises control or direction over 385,542 Shares, representing approximately 0.2% of the issued and outstanding Shares on a non-diluted basis; (iii) CCP beneficially owns, and exercises control or direction over 96,385 Shares, representing approximately 0.1% of the issued and outstanding Shares on a non-diluted basis; (iv) RAR beneficially owned, and exercised control or direction over 791,664 Shares, representing approximately 0.3% of the issued and outstanding Shares on a non-diluted basis; (v) CCPU beneficially owned, and exercised control or direction over 1,256,059 Shares, representing approximately 0.5% of the issued and outstanding Shares on a non-diluted basis; (v) Hawkins beneficially owns, and exercises control or direction over Options exercisable into an aggregate of 333,350 Shares and RSUs convertible into an aggregate of 450,000 Shares, representing approximately 0.3% of issued and outstanding Shares on a partially-diluted basis, assuming the

exercise of the Options and RSUs held by Hawkins; and (vi) Sturner beneficially owned, and exercised control or direction over (A) 125,100 Shares; (B) Warrants exercisable to acquire 125,100 Shares; and (C) Options exercisable into an aggregate of 180,000 Shares, representing approximately 0.1% of the issued and outstanding Shares on a non-diluted basis and approximately 0.2% of issued and outstanding Shares on a partially-diluted basis, assuming the exercise of the Warrants and Options held by Sturner.

Collectively, assuming that Cresco is only entitled to 2,057,025 Shares pursuant to the acquisition of Sublime by the Issuer, that Cresco is entitled to 2,111,167 Shares pursuant to the acquisition of Urbn Leaf by the Issuer, that RAR is entitled to 791,664 Shares pursuant to the acquisition of Urbn Leaf by the Issuer and that CCPU is entitled to 1,256,059 Shares pursuant to the acquisition of Urbn Leaf by the Issuer, immediately following the completion of the Note Repayment, Cresco and the Joint Actors own or exercise control or direction over an aggregate of (i) 26,031,537 Shares; (ii) Warrants exercisable to acquire an aggregate of 3,675,100 Shares; (iii) Options exercisable into an aggregate of 513,350 Shares; and (iv) RSUs convertible into an aggregate of 450,000 Shares, representing approximately 10.3% of the issued and outstanding Shares on a non-diluted basis and approximately 12.7% of issued and outstanding Shares on a partially-diluted basis, assuming the exercise of the Warrants, Options and RSUs held by Cresco and the Joint Actors.

**3.5 State the designation and number or principal amount of securities and the acquiror's securityholding percentage in the class of securities referred to in Item 3.4 over which:**

- (a) **the acquiror, either alone or together with any joint actors, has ownership and control,**

See item 3.4 above.

- (b) **the acquiror, either alone or together with any joint actors, has ownership but control is held by persons or companies other than the acquiror or any joint actor, and**

Not applicable.

- (c) **the acquiror, either alone or together with any joint actors, has exclusive or shared control but does not have ownership.**

Not applicable.

**3.6 If the acquiror or any of its joint actors has an interest in, or right or obligation associated with, a related financial instrument involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the related financial instrument and its impact on the acquiror's securityholdings.**

153,350 Options held by Hawkins are exercisable at a price equal to \$0.95 per Share until September 1, 2025. The remaining Options held by Hawkins are exercisable at a price equal to \$1.83 per Share until December 23, 2025. 130,000 Options held by Sturner are exercisable at a price equal to \$1.83 per Share until December 23, 2025. The remaining Options held by Sturner are exercisable at a price equal to \$0.75 per Share until April 5, 2027. Each Warrant held by Cresco and Sturner is exercisable at a price equal to \$3.69 per Share until February 18, 2024.

**3.7 If the acquiror or any of its joint actors is a party to a securities lending arrangement involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the arrangement including the duration of the**

**arrangement, the number or principal amount of securities involved and any right to recall the securities or identical securities that have been transferred or lent under the arrangement.**

**State if the securities lending arrangement is subject to the exception provided in section 5.7 of NI 62-104.**

Not applicable.

- 3.8 If the acquiror or any of its joint actors is a party to an agreement, arrangement or understanding that has the effect of altering, directly or indirectly, the acquiror's economic exposure to the security of the class of securities to which this report relates, describe the material terms of the agreement, arrangement or understanding.**

The Shares beneficially owned by Cresco that were issued in connection with the acquisition of Sublime and Urbn Leaf will be held in trust and are also subject to additional resale restrictions pursuant to the terms of lock-up agreements with the Issuer. Certain other former shareholders of Sublime and Urbn Leaf have also deposited their Shares in escrow. By virtue of the operation of the lock-up, trust and escrow arrangements in place, Cresco may be entitled to additional Shares of the Issuer on or around the 12-month anniversary of the closing of the acquisition of Sublime and Urbn Leaf.

#### **Item 4 – Consideration Paid**

- 4.1 State the value, in Canadian dollars, of any consideration paid or received per security and in total.**

In connection with the Note Repayment, the Issuer issued 16,660,993 Shares at a price of \$0.45 per Share. Cresco acquired 14,960,957 Shares as a result of the Note Repayment for aggregate consideration of approximately \$6,732,430.65.

- 4.2 In the case of a transaction or other occurrence that did not take place on a stock exchange or other market that represents a published market for the securities, including an issuance from treasury, disclose the nature and value, in Canadian dollars, of the consideration paid or received by the acquiror.**

Not applicable.

- 4.3 If the securities were acquired or disposed of other than by purchase or sale, describe the method of acquisition or disposition.**

Not applicable.

#### **Item 5 – Purpose of the Transaction**

**State the purpose or purposes of the acquiror and any joint actors for the acquisition or disposition of securities of the reporting issuer. Describe any plans or future intentions which the acquiror and any joint actors may have which relate to or would result in any of the following:**

- (a) the acquisition of additional securities of the reporting issuer, or the disposition of securities of the reporting issuer;**
- (b) a corporate transaction, such as a merger, reorganization or liquidation, involving the reporting issuer or any of its subsidiaries;**

- (c) a sale or transfer of a material amount of the assets of the reporting issuer or any of its subsidiaries;
- (d) a change in the board of directors or management of the reporting issuer, including any plans or intentions to change the number or term of directors or to fill any existing vacancy on the board;
- (e) a material change in the present capitalization or dividend policy of the reporting issuer;
- (f) a material change in the reporting issuer's business or corporate structure;
- (g) a change in the reporting issuer's charter, bylaws or similar instruments or another action which might impede the acquisition of control of the reporting issuer by any person or company;
- (h) a class of securities of the reporting issuer being delisted from, or ceasing to be authorized to be quoted on, a marketplace;
- (i) the issuer ceasing to be a reporting issuer in any jurisdiction of Canada;
- (j) a solicitation of proxies from securityholders;
- (k) an action similar to any of those enumerated above.

The securities referred to above are held for investments purposes. Cresco and/or one or more of the Joint Actors may, depending on market and other conditions, increase or decrease its beneficial ownership of Shares or other securities of the issuer whether in the open market, by privately negotiated agreement or otherwise. Hawkins, a Joint Actor, in his capacity as a director of the Issuer, may participate in the appointment of one or more additional directors between annual meetings of shareholders, depending on whether a suitable candidate is identified and any other relevant factors. Except as described herein, while Cresco has no current plans or intentions that relate to or would result in the items listed in (a) through (k) above, depending on various factors including, without limitation, regulatory changes, market conditions, general economic and industry conditions, trading prices of the Shares, the Issuer's business, financial conditions and prospects and/or other relevant factors and conditions Cresco deems appropriate, Cresco and/or one or more of its Joint Actors may develop such plans in future.

#### **Item 6 – Agreements, Arrangements, Commitments or Understandings With Respect to Securities of the Reporting Issuer**

**Describe the material terms of any agreements, arrangements, commitments or understandings between the acquiror and a joint actor and among those persons and any person with respect to securities of the class of securities to which this report relates, including but not limited to the transfer or the voting of any of the securities, finder's fees, joint ventures, loan or option arrangements, guarantees of profits, division of profits or loss, or the giving or withholding of proxies. Include such information for any of the securities that are pledged or otherwise subject to a contingency, the occurrence of which would give another person voting power or investment power over such securities, except that disclosure of standard default and similar provisions contained in loan agreements need not be included.**

On April 29, 2022, Urbn Leaf, the Issuer and SUB CCP URBN, LLC entered into a promissory note conversion agreement in order to carry out the Note Repurchase.

#### **Item 7 – Change in Material Fact**

**If applicable, describe any change in a material fact set out in a previous report filed by the acquiror under the early warning requirements or Part 4 in respect of the reporting issuer's securities.**

Not applicable.

**Item 8 – Exemption**

**If the acquiror relies on an exemption from requirements in securities legislation applicable to formal bids for the transaction, state the exemption being relied on and describe the facts supporting that reliance.**

Not applicable.

**Item 9 – Certification**

I, as the acquiror, certify, or I, as the agent filing this report on behalf of an acquiror, certify to the best of my knowledge, information and belief, that the statements made in this report are true and complete in every respect.

Dated as of the 4<sup>th</sup> day of May, 2022.

**CRESCO CAPITAL PARTNERS II, LC**

*(signed) "Matthew K. Hawkins"*

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Name: Matthew K. Hawkins

Title: Managing Partner