

Harborside Inc. Changes Name to StateHouse Holdings Inc. To Honor its Pioneering History and Reflect its Future Direction

– Company shares to begin trading July 25 under new ticker symbols –
– Subordinate voting shares to be reclassified as common shares –
– Share consolidation not proceeding at this time –

OAKLAND, CALIF., AND TORONTO, July 14, 2022 /CNW/ - Harborside Inc. ("Harborside", or the "Company") (CSE: HBOR), (OTCQX: HBORF), a California-focused, vertically integrated cannabis enterprise, today announced that it will complete the previously announced name change (the "Name Change") to StateHouse Holdings Inc. ("StateHouse" or the "Company") on July 25, 2022. The Company previously filed articles of amendment to effect these changes.

"This is an important milestone for the Company, which was formed through the business combination of four pioneering California companies," said Ed Schmults, Chief Executive Officer. "As we look to the future, the Name Change to StateHouse reflects our shared journey from activism and advocacy, to the establishment of an enterprise with high standards of quality, consistency and reliability. Separately and now together, we have developed a legitimate industry from the ground up. Today, we begin a new chapter as we continue to build a premier California cannabis company. We believe our fully integrated platform for growth is the finest of any cannabis firm in the state."

The Company also announced today that its subordinate voting shares ("SVS") will be reclassified as common shares ("Common Shares") effective July 25, 2022 (the "Reclassification"), and that its board of directors (the "Board") has elected not to proceed with a share consolidation at this time. The Board has also granted restricted share units ("RSUs") evidencing the right to receive up to an aggregate of 450,000 SVS, subject to the satisfaction of certain vesting conditions, and options to purchase up to an aggregate 4,200,000 SVS to certain members of its management team in order to further align the interests of the Company's management and shareholders. The options are exercisable at a price of C\$0.37 per SVS for a period of five years from the date of grant, with one quarter of the total number of options granted vesting on each of the first, second, third and fourth anniversary of the date of grant.

NAME CHANGE

The Company will be officially renamed StateHouse on July 25, 2022. The new corporate website statehouseholdings.com will launch on that date with additional information about the Company and its go-forward strategy. Harborside's archived corporate information, including financial results and news releases, will also be available on the StateHouse site.

Effective upon the market open on July 25, 2022, the stock will trade on the Canadian Securities Exchange under the new ticker symbol "STHZ". The Name Change was overwhelmingly approved by shareholders of the Company at a special meeting (the "Meeting") held on February 22, 2022.

SHARE RECLASSIFICATION

The Company's SVS will be reclassified as Common Shares, effective July 25, 2022. The Reclassification is attributable to the mandatory conversion of Harborside multiple voting shares into SVS (the "Mandatory Conversion"), which was completed on March 31, 2022. Due to the Mandatory Conversion, there is now just a single class of StateHouse shares and no need for a designation other than Common Shares to describe such shares outstanding.

"We are very pleased with the changes to the Company's equity capitalization that have now resulted in a 'one share - one vote' structure," added Mr. Schmults. "This streamlined structure is part of a broader strategy designed to create a company that treats all shareholders equally, attracts institutional investors, and reflects our goal of being the premier investment vehicle in the California cannabis industry."

The Reclassification was overwhelmingly approved by shareholders of the Company at the annual and special meeting of the Company held on June 23, 2022. The Company's new CUSIP number for its Common Shares will be 85754G301 and its new ISIN number will be CA85754G3017 upon completion of the Name Change and the Reclassification.

All registered holders of SVS (being a shareholder who holds their SVS directly, registered in their own name), are asked to forward, by personal delivery or by registered mail, any physical share certificate(s) representing their existing SVS to the Company's registrar and transfer agent, Odyssey Trust Company, at 702-67 Yonge Street, Toronto, ON M5E 1J8, Attention: Securities, along with a letter requesting for such physical share certificate(s) to be updated to reflect the new CUSIPs for the securities of the Company resulting from the Reclassification. Shareholders who hold their securities through a broker, investment dealer, bank or trust company should contact that nominee or intermediary for assistance in depositing their securities in connection with the Reclassification.

SHARE CONSOLIDATION

After careful consideration, the Board has elected not to proceed with the consolidation of its issued and outstanding SVS (the "Consolidation") on a six-for-one basis at this time. The Consolidation was previously approved by shareholders at the Meeting. The Board will continue to monitor market conditions carefully and could proceed with the Consolidation at a later date if it determines that such a decision is in the best interests of shareholders. Depending on the timing of the implementation of such Consolidation, shareholder approval may be required in order to effect the Consolidation.

About Harborside (to be renamed StateHouse)

Harborside, 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 14 dispensaries covering Northern and Southern California and one in Oregon, distribution facilities in San Jose and Los Angeles, California and integrated cultivation/production facilities in Salinas and Greenfield, California. Harborside is a publicly listed company, currently trading on the Canadian Securities Exchange ("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: the ability to complete the Name Change and the Reclassification within anticipated timeframes, if at all; the timing of trading of the Common Shares under the StateHouse name following the Name Change and Reclassification within anticipated timeframes; the impact of the Name Change and Reclassification on the Company; the ability to complete the Consolidation, if at all; the ability of the Company to build a premier California cannabis company and to establish its integrated platform for growth; the establishment of the Company's new corporate website and the information available on such website; the ability of the Company to capture additional market share; and the ability of the Company to attract institutional investors.

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 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 March 31, 2022 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.

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CNW 09:25e 14-JUL-22