

Harborside Inc. Shareholders Overwhelmingly Support Proposed Acquisitions of Urbn Leaf and Loudpack

- Company to be renamed as StateHouse Holdings Inc. -

OAKLAND, Calif. and TORONTO, Feb. 23, 2022 /CNW/ - Harborside Inc. ("Harborside", or the "Company") (CSE: HBOR) (OTCQX: HBORF), a California-focused, vertically-integrated cannabis enterprise, today announced that its shareholders voted overwhelmingly in favour of the issuance of approximately 151,427,786 Harborside subordinate voting shares ("SVS") to acquire 100% equity interests in LPF JV Corporation ("Loudpack") and UL Holdings Inc. ("Urbn Leaf") in connection with the Company's proposed business combination with Urbn Leaf and Loudpack (the "Transactions").

Harborside shareholders also voted in favour of other matters related to the Company (the "Ancillary Matters") aimed at positioning the Company for success in connection with the completion of the Transactions, including:

- **Name Change:** A change in the name (the "Name Change") of the Company to StateHouse Holdings Inc. ("StateHouse"), subject to regulatory approval;
- **Board of Directors:** The election of Matthew Hawkins, Edward Schmults, Marc Ravner, Kevin Albert, Tiffany Liff, Jonathon Roy Pottle and James Scott to serve on the Company's board of directors (the "Board"), conditional upon the completion of the Transactions;
- **Share Consolidation:** The consolidation all of the Company's issued and outstanding SVS and multiple voting shares ("MVS") on a basis to be determined by the Board, provided that the consolidation ratio will be no greater than one post-consolidation SVS and post-consolidation MVS, as applicable, for every six pre-consolidation SVS and pre-consolidation MVS, as applicable (the "Consolidation");
- **Amendments to the Articles of Harborside:** Authorization for, amongst other things, the removal of certain restrictions relating to the conversion of MVS to SVS (the "Article Amendments");
- **Amendments to the Shareholder Rights Plan:** Amendments to ensure that Harborside has the ability to support its growth, including in circumstances in which existing shareholders may choose to participate in financing alternatives and capital raising activities proposed by Harborside (the "Shareholder Rights Plan Amendments");
- **Amendments to Equity Incentive Plan:** Amendments to increase the maximum number of SVS which may be allocated for issuance pursuant to certain incentive stock options; and
- **Amendments to By-law No. 2 of Harborside:** Amendments to authorize, amongst other things, the

removal of the Canadian residency requirement for the Company's directors.

"The shareholder approvals today represent important milestones on our path to complete these transformational Transactions, which will create a new powerhouse in the California cannabis industry," said Matthew Hawkins, Chairman of the Board and Interim CEO of Harborside. "We believe StateHouse will be one of the largest publicly traded, vertically integrated cannabis operators in the state of California, with a fully installed and operational platform to consolidate the state's cannabis sector."

The results of the vote are as follows:

Motions	NUMBER OF SHARES			PERCENTAGE OF VOTES CAST		
	FOR	AGAINST	WITHHELD / ABSTAIN	FOR	AGAINST	WITHHELD / ABSTAIN
Share Issuance	24,228,981	111,404	0	99.54	0.46	0.00
Name Change	23,102,133	686,379	551,873	94.91	2.82	2.27
Consolidation	23,877,424	462,961	0	98.10	1.90	0.00
Matthew Hawkins for Combined Board	22,877,630	0	1,462,755	93.99	0.00	6.01
Edward Schmults for Combined Board	23,835,550	0	504,835	97.93	0.00	2.07
Marc Ravner for Combined Board	23,020,996	0	1,319,389	94.58	0.00	5.42
Kevin Albert for						

Combined Board	22,873,775	0	1,466,610	93.97	0.00	6.03
Tiffany Liff for Combined Board	23,242,220	0	1,098,165	95.49	0.00	4.51
Jonathan Roy Pottle for Combined Board	23,055,207	0	1,285,178	94.72	0.00	5.28
James Scott for Combined Board	23,242,715	0	1,097,670	95.49	0.00	4.51
Shareholder Rights Plan	6,658,846	815,118	0	89.09	10.91	0.00
Articles Alteration	23,800,428	539,957	0	97.78	2.22	0.00
Equity Incentive Plan Amendment	22,354,191	1,434,321	551,873	91.84	5.89	2.27
By-Law Amendment	23,806,074	534,311	0	97.80	2.20	0.00

"The overwhelming support our shareholders have given today for the Transactions and Ancillary Matters, is critical to making the business combination with Urbn leaf and Loudpack a reality," added Mr. Hawkins. "In the coming days, we will be working to complete the steps required to close the Transactions, including complying with all necessary regulatory requirements. We expect to close the Urbn Leaf acquisition on or about March 1, 2022 and the Loudpack acquisition on or about March 15, 2022."

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, a vertically integrated enterprise with cannabis licenses covering retail, distribution,

cultivation, nursery and manufacturing, is one of the oldest and most respected cannabis companies in California. Founded in California in 2006, Harborside was awarded one of the first six medical cannabis licenses granted in the United States. Today, the company operates three 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 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", and 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. Additional information regarding Harborside is available under Harborside's SEDAR profile at www.sedar.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 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 the completion of the Transactions, the Name Change, the Consolidation and the Shareholder Rights Plan Amendments, timing to complete the Transactions, the Name Change, the Consolidation and the Shareholder Rights Plan Amendments on the terms described herein, if at all, and the benefits and synergies created by the Transactions, including with respect to revenue, production capabilities, product offering and expectations of future profitability following the completion of the Transactions, and the benefits of the Ancillary Matters.

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 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 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.

SOURCE Harborside Inc.

For further information: Harborside Inc., Roman Stahl, VP Investor Relations, Mergers & Acquisitions, ir@hborgroup.com; Investor Contact: Bay Street Communications, Philip Koven, Managing Partner, pkoven@baystreetcommunications.com

<https://www.investharborside.com/2022-02-23-Harborside-Inc-Shareholders-Overwhelmingly-Support-Proposed-Acquisitions-of-Urbn-Leaf-and-Loudpack>