



HARBORSIDE

Harborside Secures \$12 Million Revolving Credit Facility

First Commercial Bank Lending Deal of its Kind For a U.S. Cannabis Company

OAKLAND, CA, March 23, 2021 – [Harborside Inc.](#) (“Harborside” or the “Company”) (CSE: HBOR), (OTCQX: HBORF), a California-focused, vertically integrated cannabis enterprise, today announced it has entered into a loan financing arrangement with a commercial federally regulated bank (the “**Bank**”), in the amount of US\$12 million (the “**Loan**”) pursuant to a senior secured revolving credit facility (the “**Credit Facility**”) due March 2023.

Harborside expects to use the majority of the Loan proceeds to support the purchase of the Company’s 47-acre production campus later this year, which includes 200,000 sq. ft. of licensed cultivation space, including 155,000 sq. ft. of flower canopy space and 45,000 sq. ft. of nursery space in Salinas, California.

“To the best of our knowledge, Harborside is the first cannabis business in the United States to secure a commercial loan of this kind with a traditional lender,” said Tom DiGiovanni, Chief Financial Officer of Harborside. “This deal is the culmination of months of effort and reflects the close working relationship and trust that we have developed with our bank. By significantly lowering our cost of capital, we will be able to better serve our customers, provide high-quality products and invest more heavily throughout California.”

“We are thrilled to solidify our relationship with our bank as they help support our efforts and growth throughout the state of California,” said Matthew Hawkins, Chairman of Harborside. “This Loan is a significant milestone for the entire U.S. cannabis industry and testament to the work that Harborside has done over the last four quarters in an effort to deliver for our customers and shareholders.”

Loan Terms

The Credit Facility has a variable interest rate based on the prime rate charged by the Bank plus a premium, with a floor rate of 5.75%, and will be secured by a first-priority security interest on substantially all of the Company’s assets. As consideration for the Credit Facility, the Company has agreed to, among other things: (i) deliver a commercial security agreement, an assignment of deposit account, and a security agreement in respect of cash collateral to the Bank; (ii) make an upfront cash payment based on the principal amount of the Credit Facility to the Bank as an original issue discount; and (iii) issue 4,100 warrants (the “**Warrants**”) to the Bank to purchase multiple voting shares (“**MVS**”) of the Company, which subject to certain conditions, are convertible into subordinate voting shares (“**SVS**”) of the Company at a conversion rate of 100 SVS for each MVS converted. Each Warrant will entitle the Bank to purchase one MVS of the Company at a price of C\$369, at any time prior to March 19, 2023.

For the latest news, activities, and media coverage, please visit the Harborside corporate website at www.investharborside.com or connect with us on [LinkedIn](#), [Facebook](#), and [Twitter](#).

About Harborside:

Harborside Inc. is one of the oldest and most respected cannabis retailers in California, operating three of the 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 and a cultivation/production facility in Salinas, California. Harborside has played an instrumental role in making cannabis safe and accessible to a broad and diverse community of California consumers. In 2006, Harborside was awarded one of the first six medical cannabis licenses granted in the United States and today holds cannabis licenses for retail, distribution, cultivation, nursery and manufacturing. Harborside is currently a publicly listed company on the Canadian Securities Exchange ("CSE") trading under the ticker symbol "HBOR" and is also trading on the OTCQX under the ticker symbol "HBORF". 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 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 with respect to the expected use of the Loan proceeds, and the ability of the Company to significantly lower its cost of capital to better serve its customers, provide high-quality products, and invest more heavily throughout California.

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 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; political, social and environmental uncertainties; inability to obtain adequate insurance to cover risks and hazards; employee relations and 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. 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, these activities are currently illegal under United States federal law. Additional information regarding this and other risks and uncertainties relating to the Company's business are contained under the heading "Risk Factors" in the Listing Statement dated May 30, 2019, and in the Company's management's discussion and analysis for the period ended September 30, 2020, filed under the Company's profile on SEDAR at www.sedar.com.

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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