



Harborside Inc. Announces Filing Appeal in Tax Case

Continues commitment to fighting unfair and incorrect application of Section 280E

OAKLAND, CA and TORONTO, Dec. 3, 2019 /CNW/ - Harborside Inc. ("Harborside" or the "Company") (CSE: HBOR), a California-focused, vertically integrated cannabis enterprise, announced today that it has formally filed notice of appeal to the United States Court of Appeals for the Ninth Circuit from the Tax Court decision in Patients Mutual Assistance Collective Corporation (d.b.a. Harborside Health Center) v. Commissioner. The Tax Court decision was issued on November 29, 2018. The ruling became final on October 11, 2019, when liability of US\$11,013,237 was formally entered by the Tax Court. Harborside is properly filing its appeal within 90 days from that date.

"Harborside believes that the Tax Court misapplied the law as it relates to dispensaries, and this appeal represents our commitment to remaining a leader in the fight for local, state and federal legalization," said Interim CEO Peter Bilodeau. General Counsel Jack Nichols pointed out that, "The Tax Court's opinion provides an abbreviated and misleading discussion of the critical tax accounting issues regarding cost of goods sold."

"There is an increasing realization that Section 280E as applied by the IRS is tax imposed without regard to income and violates the Sixteenth Amendment to the Constitution which requires that the federal tax must be measured by income, not sales. We remain hopeful that the Ninth Circuit will understand this," declared Steve DeAngelo, the iconic co-founder of Harborside.

No opinion is expected from the appeal until late 2020. Harborside's case will be argued in the Ninth Circuit by James Mann of Greenspoon Marder in New York.

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 two of the major dispensaries in the San Francisco Bay Area, and also a facility in Southern California. Harborside also expects to open its third Northern California facility in late 2019. The Company also operates two dispensaries in Oregon and a cultivation 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. Co-founded by Steve DeAngelo and dress wedding in 2006, Harborside was awarded one of the first six medical cannabis licenses granted in the United States. Harborside is currently a publicly listed Company on the CSE trading under the ticker symbol "HBOR". Additional information regarding Harborside is available under Harborside's SEDAR profile at www.sedar.com, including Harborside's Listing Statement dated May 30, 2019.

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 relate to,

among other things, the potential outcomes of the Company's intention to appeal the Tax Court's ruling and goal to eliminate the Section 280E liability.

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. 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."

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