HIGH TIDE INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND NINE MONTHS ENDED JULY 31, 2018

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1.0 Preface

1.1 Definitions

In this document, the terms “we”, “us”, “our” and “Company” refer to the current year condensed consolidated financial results of High Tide Inc., (“High Tide”). High Tide is the parent company to the wholly-owned subsidiaries RGR Canada Inc. (“RGR”), Smoker’s Corner Ltd. (“Smoker’s Corner”), Famous Brandz Inc. (“Famous Brandz”), Canna Cabana Inc. (“Canna Cabana”), Kush West Distribution Inc. (“Kush West”) and 50.1% of KushBar Inc. (“KushBar”). This document also refers to the Company’s two reportable operating segments: the “Retail segment”, the “Wholesale segment”.

References to prior year comparable periods represent the condensed combined financials results of RGR, Smoker’s Corner and Famous Brandz (the “Group”).

The financial results for the Wholesale segment are delivered by the businesses operated under High Tide’s wholesale entities – RGR, Famous Brandz and Kush West. The financial results for the Retail segment are delivered by the business operated under High Tide’s retail entities – Smoker’s Corner, Canna Cabana and KushBar.

Other capitalized terms in this document are defined the first time they are used.

1.2 Forward-Looking Statements

Certain statements contained within the Management’s Discussion and Analysis (“MD&A”), and in certain documents incorporated by reference into this document, constitute forward-looking statements. These statements relate to future events or the Company’s future performance. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements.

In particular, this MD&A contains the following forward-looking statements pertaining to, without limitation, the following: changes in general and administrative expenses; future business operations and activities and the timing thereof; the future tax liability of the Company; the estimated future contractual obligations of the Company; the future liquidity and financial capacity of the Company; and its ability to fund its working capital and forecasted capital expenditures.

We believe the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in, or incorporated by reference into, this MD&A should not be unduly relied upon.

These statements speak only as of the date of this MD&A or as of the date specified in the documents incorporated by reference into this MD&A, as the case may be. The actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and elsewhere in this MD&A: counterparty credit risk; access to capital; limitations on insurance; changes in environmental or legislation applicable to our operations, and our ability to comply with current and future environmental and other laws; changes in income tax laws or changes in tax laws and incentive programs relating to the cannabis industry; and the other factors discussed throughout this MD&A.

Readers are cautioned that the foregoing lists of factors are not exhaustive. The forward-looking statements contained in this MD&A and the documents incorporated by reference herein are expressly qualified by this cautionary statement. The forward-looking statements contained in this document speak only as of the date of this document and the Company does not assume any obligation to publicly update or revise them to reflect new events or circumstances, except as may be required pursuant to applicable securities laws.

1.3 Review and Approval by the Board of Directors

The contents of this MD&A were approved by the Board of Directors on October ●, 2018.

1.4 Use of Judgements and Estimates

In the application of the Company's accounting policies management is required to make judgements, estimates and assumptions that affect the carrying amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combined financial statements, and the reported amounts of revenues and expenses for the years presented. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant, the results of which form the basis of the valuation of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years.

The following are the critical judgements in applying accounting policies and key sources of estimation uncertainty at the end of the reporting year that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Estimates

Critical accounting estimates are those that require management to make assumptions about matters that are highly uncertain at the time the estimate or assumption is made. Critical accounting estimates are also those that could potentially have a material impact on the Company's financial results where a different estimate or assumption is used. The significant area of estimation uncertainty is:

Allowance for doubtful accounts

The Company makes an allowance for doubtful accounts based on an assessment of the recoverability of receivables. Allowances are applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analyzed historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in customer payment terms when estimating the adequacy of the allowance for doubtful accounts. Where the expectation is different from the original estimate, such difference will impact the carrying value of receivables.

Write-down of inventory

Inventory is carried and the lower of cost and net realizable value; in estimating net realizable value, the Company makes estimates related to obsolescence, future selling prices, seasonality, customer behaviour, and fluctuations in inventory levels.

Taxation

The calculations for current and deferred taxes require management's interpretation of tax regulations and legislation in the various tax jurisdictions in which the Company operates, which are subject to change. The measurement of deferred tax assets and liabilities requires estimates of the timing of the reversal of temporary differences identified and management's assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income before they expire, which involves estimating future taxable income.

The Company is subject to assessments by various taxation authorities in the tax jurisdictions in which it operates and these taxation authorities may interpret the tax legislation and regulations differently. In addition, the calculation of income taxes involves many complex factors. As such, income taxes are subject to measurement uncertainty and actual amounts of taxes may vary from the estimates made by management.

Deferred tax assets

Deferred tax assets, including those arising from tax loss carry-forwards, require management to assess the likelihood that the Company will generate sufficient taxable income in future periods in order to utilize recognized deferred tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted.

Judgements

Judgement is used in situations when there is a choice and/or assessment required by management. The following are critical judgements apart from those involving estimations, that management has made in the process of applying the Company's accounting policies and that have a significant effect on the amounts recognized in the combined financial statements.

Determination of Cash Generating Unit ("CGUs")

For the purposes of assessing impairment of non-financial assets, the Company must determine CGUs. Assets and liabilities are grouped into CGUs at the lowest level of separately identified cash flows. Determination of what constitutes a CGU is subject to management judgement. The asset composition of a CGU can directly impact the recoverability of assets included within the CGU. The determination of the Company's CGUs was based on management's judgement in regard to shared infrastructure, geographical proximity and similar exposure to market risk and materiality. The Company has 1 CGU at October 31, 2017 (October 31, 2016 – 1). Management uses judgement to assess the existence of contingencies. By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. Management also uses judgement to assess the likelihood of the occurrence of one or more future events.

1.5 Rounding and Percentages

Rounded numbers are used throughout the MD&A. All year-over-year percentage changes are calculated on whole dollar amounts except in the presentation of basic and diluted earnings per share ("EPS"), in which the year-over-year percentage changes are based on fractional amounts.

2.0 Corporate Overview and Reorganization

The Company is a privately-held, wholesale and retail, smoking accessories corporation. Specific principal activities of each of the entities within the Company are as follows: RGR is a high-quality and innovative designer, manufacturer and distributor of smoking accessories. Smoker's Corner is approved by the Canadian Franchise Association and is a Canadian counter-culture chain with 19 locations. Famous Brandz is a manufacturer of licenced lifestyle accessories, through celebrity endorsements and entertainment companies, which are sold to wholesalers and retailers around the world.

The address of the Company's registered office is 120 4954 Richmond Road SW, Calgary, Alberta T3E 6L1.

On February 28, 2018, RGR and Smoker's Corner and on April 30, 2018, Famous Brandz became wholly-owned subsidiaries of newly created High Tide following a Corporate Reorganization whereby the shareholders of RGR, Smoker's Corner and Famous Brandz transferred all of their ownership interests in exchange for fully-paid common shares of High Tide shares as follows:

- The shareholders of RGR received 6,128,301 (pre-share split: 2,220,400) Class A common shares of High Tide for their 100 Class A common shares and the holders of preferred shares received 45,128,840 (pre-share split: 16,351,029) Class A common shares of High Tide for their 88,044 Class F preferred shares (redeemable at a value of $100 each) on February 28, 2018;

- The shareholders of Smoker's Corner received 6,024,250 (pre-share split: 2,182,700) Class A common shares of High Tide for their 100 Class A common shares and the holders of preferred shares received 50,358,600 (pre-share split: 18,245,871) Class A common shares of High Tide for their 98,247 Class F preferred shares (redeemable at a value of $100 each) on February 28, 2018; and

- The shareholders of Famous Brandz received 30,324,120 (pre-share split: 10,987,000) Class A common shares of High Tide for their 58,517,012 Class A common shares on April 30, 2018. In addition, as at April 30, 2018, Famous Brandz had 3,403,333 warrants issued and outstanding which were exchanged for 1,813,731 (pre-share split: 657,149) warrants of High Tide.

Canna Cabana was incorporated under the Business Corporations Act (Alberta) on February 22, 2018, and is a wholly-owned subsidiary of High Tide. Its primary business is intended to be the sale of recreational cannabis. On April 1, 2018, High Tide acquired 50.1% of the common shares of KushBar, which was incorporated under the Business Corporations Act (Alberta) on January 9, 2018, and was an inactive company at that time with assets and share capital of $100. KushBar's primary business is intended to be the sale of recreational cannabis. On June 15th, 2018, High Tide acquired 100% of the common shares of Kush West, which was incorporated under the Business Corporates Act (Alberta) on January 8th, 2018, and was an inactive company at the time with assets and share capital of $100. Kush West's primary business is intended to be the wholesale of recreational cannabis.

3.0 Competitive Landscape

The Company operates 9 retail locations under the Smoker's Corner brand across Alberta and British Columbia and is represented by 10 franchised locations operating across Alberta, British Columbia and Nova Scotia. Competitors in this segment are independent retailers without significant market concentration. Smoker's Corner has created a differentiated brand through its network of locations and customer service as well as the depth and breadth of its product offering, which is largely sourced through RGR.

The Wholesale segment's only major competitors operate as product distributors, while the Company designs, manufactures, imports and distributes its products. This creates advantages through vertical integration which include favorable product costs and the ability to leverage different price points and maintain strong margins. These strengths are passed-through to the Retail segment.

Canna Cabana and KushBar were established to sell recreational cannabis following the deregulation of cannabis for adult use across Canada on October 17, 2018. The regulation of the sale of adult-use recreational cannabis in retail environments will be the responsibility of the provinces and territories. The Cannabis Act prevents the sale of branded cannabis accessories in Canada. As a result, the Company will redirect the sale of its branded Famous Brandz products to international markets, the significant majority of which is already sold to customers outside of Canada.

The Federal government has announced that the sale of cannabis edible products and concentrates will be deregulated no later than 12 months following October 17, 2018. The Company expects to dedicate additional resources to explore the sale of edible products and concentrates as soon as lawfully permitted.

In future years, the Company expects its Retail segment will experience increased competition from the deregulated recreational cannabis industry with an increasing number of third-party stores offering cannabis products along with smoking accessories. The Company believes that its product knowledge and operating advantages achieved through vertical integration will allow it to continue to operate profitably. In addition, the Company expects opportunities to arise from the deregulation of recreational cannabis for its Wholesale segment to acquire new customers, thereby offsetting some of the risks associated with increased competition affecting our Retail segment.

4.0 Operating Performance

4.1 Statement of Financial Position

At July 31, 2018, the Company had a working capital surplus of $8,575,142 (2017 – deficit of $9,897,428), which is mainly due to the redemption of preference shares in the amount of $18,629,100 as part of the Corporate Reorganization. The Company generated a loss for the three-month period ending July 31, 2018, of $615,095 (2017

– income of $571,359). For the nine-month period ending July 31, 2018, the Company generated a loss of $683,087 (2017 – income of $571,727) and generated negative operating cash flows of $1,525,099 during the same period (2017 - $1,036,959).

4.2 Selected Financial Information

The following table provides a brief summary of the Company's financial operations for the three-month and nine-month periods ending July 31 of 2018 and 2017, respectively.

$ millions (except where noted) (Unaudited)		**Three months ended 2018**		Three months ended 2017		**Nine months ended 2018**		Nine months ended 2017
Revenue	**$**	**2.2**	$	3.0	**$**	**6.7**	$	7.5
Gross Margin	**$**	**1.2**	$	1.8	**$**	**3.6**	$	3.5
Gross Margin Percentage		**54.1%**		58.2%		**54.9%**		47.3%
Total Expenses	**$**	**1.8**	$	1.0	**$**	**4.3**	$	2.8
Income Before Taxes	**$**	**(0.6)**	$	0.8	**$**	**(0.7)**	$	0.8
Income for the Period	**$**	**(0.6)**	$	0.5	**$**	**(0.7)**	$	0.5
Income Per Share (Basic)	**$**	**(0.00)**	$	0.04	**$**	**(0.01)**	$	0.05
Income Per Share (Diluted)	**$**	**(0.00)**	$	0.04	**$**	**(0.01)**	$	0.05

$ millions (except where noted)		**July 31st 2018 Unaudited**		October 31st 2017 Audited
Total Assets	**$**	**11.9**	$	11.1
Total Non-Current Liabilities	**$**	**-**	$	-
Total Liabilities	**$**	**2.6**	$	20.4
Total Equity	**$**	**9.4**	$	(9.3)

Total Expenses include Salaries, Wages and Benefits, General and Administrative Expenses, Professional Fees, Advertising and Promotional Expenses, Depreciation, Interest and Banking Charges and Other Income (Expense) (Derivative Liability Fair Value, Accretion Expenses, Disposition of Marketable Securities and Foreign Exchange loss(gain)). Total Expenses excludes Cost of Sales and Income Tax.

4.3 Combined Operations

For the three-month period ending July 31, 2018, Revenue decreased from the same period in the prior year by $0.8 million or 28.6% primarily driven by a decline in the Company's Merchandize sales in its Wholesale segment as a large single sale in the prior year did not repeat. For the nine-month period ending July 31, 2018 Revenue decreased from the same period in the prior year by $0.8 million or 11.3% due to the same large single sale in the three month period that did not repeat.

Gross Margin decreased by 33.6% or $0.6 million or the three-month period ending July 31, 2018, compared to the same period during the prior year, due to the aforementioned decline in sales. For the nine-month period, Gross Margin increased by 3.0% or $0.1 million due to favourable sales mix and pricing strategies.

Total Expenses increased by 80.4% or $0.8 million for the three-month period ending July 31, 2018, compared to the same period during the prior year. The increase was due to an increase of 89.6% in Salaries, Wages and Benefits costs at the Company in response to increased market opportunities from the upcoming deregulation of adult use cannabis across Canada, as well as $542,833 in incremental Professional Fees incurred to produce audited financial statements, raise proceeds from the special warrant offering and in preparation for becoming a publicly-listed issuer. For the nine-month period ending July 31, 2018, Total Expenses increased by 55.0% or $1.5 million due to the same factors as for the three-month period.

The Company incurred a loss of $0.6 million for the three-month period ended July 31st, 2018, due to the increase in expenses compared to income of $0.5 million in 2017. The Loss for the nine-month period ending July 31, 2018, was $0.7 million for the same reasons as for the three-month period.

Loss Per Share for the three-month period ending July 31, 2018, was $(0.00) compared to income of $0.04 for the same period in 2017, due to the factors noted above as well as an increase in shares outstanding driven by share issuance and a share split. Loss Per Share for the nine-month period was $(0.01) in 2018, compared to income of $0.05 for the same period in 2017, for the same reasons as the three-month period.

4.4 Segment Operations for the Nine Months Ended July 31

$ millions	Wholesale		Retail		Corporate	Total	
	2018	2017	**2018**	2017	**2018**	**2018**	2017
Revenue	**3.8**	4.6	**2.9**	2.9	**-**	**6.7**	7.5
Gross Margin	**1.5**	1.7	**2.1**	1.9	**-**	**3.6**	3.5
Rate	**40.3%**	37.0%	**74.0%**	63.2%	**-**	**54.9%**	47.3%
Total Expenses	**2.1**	1.6	**1.8**	1.2	**0.5**	**4.3**	2.8
(Loss)/Income	**(0.5)**	0.1	**0.3**	0.5	**(0.5)**	**(0.7)**	0.6

Total Expenses include Salaries, Wages and Benefits, General and Administrative Expenses, Professional Fees, Advertising and Promotional Expenses, Depreciation, Interest and Banking Charges and Other Income (Expense) (Derivative Liability Fair Value, Accretion Expenses, Disposition of Marketable Securities and Foreign Exchange loss(gain)). Total Expenses excludes Cost of Sales and Income Tax.

4.4.1 Wholesale Segment Performance

The Company's Wholesale segment revenues declined by $0.8 million or 17.3% due to a single sale in the prior year that did not repeat. Gross margin declined by $0.2 million or 10.0% due to the drop in the sales volume, while gross margin rate improved by 326 basis points ("bps") due to favourable sales mix comprised of higher margin products. Expenses increased by $0.5 million or 32.0% as the business has increased its staff to invest in product design and incurred additional marketing expenses and trade show costs to build its customer base.

The decline in sales and increase in costs lead to a loss in the Wholesale segment of $0.5 million.

4.4.2 Retail Segment Performance

The Company's Retail segment demonstrated consistent performance between 2018 and 2017, in line with management's expectations. Revenue was comparable while gross margin increased by $0.2 million or 14.7% driven by a rate increase of 1077 bps as the Company improved its price points. Expenses increased by $0.6 million or 46.3% as the company incurred expansion costs to establish the Canna Cabana brand and business, which is expected to start generating sales in late October 2018.

The Retail segment achieved an income of $0.3 million down $0.5 million or 46.9% due to the increase in expenses.

4.5 Summary of Quarterly Results

($ in millions, except per share amounts)	**Q3 2018**	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016
Revenue	**2.2**	1.7	2.7	2.5	3.0	2.1	2.4	1.8
Net income	**(0.6)**	(0.4)	0.3	0.1	0.5	0.1	(0.1)	0.1
Basic EPS	**(0.00)**	(0.00)	0.02	0.01	0.04	0.01	(0.02)	0.14
Diluted EPS	**(0.00)**	(0.00)	0.02	0.01	0.04	0.01	(0.02)	0.14

Aside from the annual increase in consumer spending leading up to the winter holiday season, which occurs in Q1 for the Group, seasonality is not a significant factor in the Group's sales performance. Underlying retail sales have performance consistently with growth and fluctuations being driven by Wholesale, primarily Famous Brandz. Famous Brandz realized its first full year of operations in 2017, helping to increased revenue across the year however a single large sale of $0.7M was made in the fourth quarter that did not repeat in 2018. Expenses have been similarly consistent at between $0.8 million and $0.9 million a quarter until second quarter 2018 when the business began to expand with Canna Cabana and High Tide. Additional personnel was hired to start these businesses and professional fees were incurred for legal and audit support.

5.0 Balance Sheet

There are no financial arrangements that are excluded from the unaudited condensed consolidated interim financial statements as at July 31, 2018, or remain outstanding as of the date of approval of the unaudited condensed consolidated interim financial statements and MD&A.

6.0 Capital Commitments and Management

6.1 Commitments

The Company has commitments relating to operating leases for its office space and outlets under non-cancelable operating lease. The future minimal annual rental payments under these operating leases are as follows:

As at July 31		**2018**
Less than one year	$	676,376
Between one and five years		714,140
More than five years		181,547
	$	**1,572,063**

The Company generates sufficient cash flow from operations to meet these commitments.

6.2 Capital Management

The Company's objectives when managing capital are to:

- Deploy capital to provide an appropriate return on investment to its shareholders;
- Maintain financial flexibility in order to preserve the Company's ability to meet financial obligations; and
- Maintain a capital structure that provides financial flexibility to execute on strategic opportunities.

The Company's strategy is formulated to maintain a flexible capital structure consistent with the objectives as stated above and to respond to changes in economic conditions and the risk characteristics of the underlying assets. The Board of Directors does not establish quantitative return on capital criteria for management, but rather promotes year-over-year sustainable profitable growth. The Company is not subject to any externally imposed capital requirements or covenants. The Company's capital structure consists of equity and working capital. In order to maintain or alter the capital structure, the Company may adjust capital spending, raise new debt and issue share capital. The Company expects that accumulated retained earnings and funds generated from operations and working capital amounts will provide sufficient capital resources and liquidity to fund existing operations in the remainder of 2018 and 2019.

7.0 Share Capital

Authorized:

The Company is authorized to issue an unlimited number of Class A, Class B and Class C common shares. The holders of these common shares are entitled to:

- vote at all meetings of shareholders except meetings at which only holders of a specified class of shares are entitled to vote;
- receive dividends in the discretion of the directors exclusive of other classes of shares of the Company; and
- receive the remaining property of the Company under dissolution equally.

Issued:

Common shares

	Number of Class A common shares	Amount
Balance, October 31, 2017 (Note 2)	**18,400,200**	**$ 786,636**
Issued on incorporation (i)	**2,760,000**	**20,000**
Eliminated upon reorganization (Note 2)	**(18,400,200)**	**(786,636)**
Issued to acquire 100 Class A common shares of RGR (ii)	**6,128,301**	**1,195,600**
Issued to acquire 88,044 Class F preferred shares of RGR (ii)	**45,128,840**	**8,804,400**
Issued to acquire 100 Class A common shares of Smoker's Corner (iii)	**6,024,250**	**1,175,300**
Issued to acquire 98,247 Class F preferred shares of Smoker's Corner (iii)	**50,358,600**	**9,824,700**
Issued to acquire 58,517,012 Class A common shares of Famous Brandz (iv)	**30,324,120**	**10,987,000**
Issued for cash on private placement (v)	**10,225,800**	**3,705,000**
Share issue cost – broker warrants (v)	**-**	**(157,547)**
Share issue cost – cash (v)	**-**	**(263,000)**
Balance, July 31, 2018	**150,949,911**	**$ 35,291,453**

(i) Upon incorporation of High Tide on February 8, 2018, 2,760,000 (pre-share split: 1,000,000) Class A common shares at a price of $0.0073 per share (pre-share split: $0.02 per share) totalling $20,000 were issued.

(ii) On February 28, 2018, the Company issued 6,128,301 (pre-share split: 2,220,400) Class A common shares at a price of $0.1949 per share (pre-share split: $0.538 per share) totalling $1,195,600 to acquire 100 Class A common shares of RGR from its shareholders and issued 45,128,840 (pre-share split: 16,351,029) Class A common shares at a price of $0.1949 per share (pre-share split: $0.538 per share) totalling $8,804,400 to acquire 88,044 preferred shares of RGR from its holders. These preferred shares have been eliminated upon consolidation.

(iii) On February 28, 2018, the Company issued 6,024,250 (pre-share split: 2,182,700) Class A common shares at a price of $0.1949 per share (pre-share split: $0.538 per share) totalling $1,175,300 to acquire 100 Class A common shares of Smoker's Corner from its shareholders and issued 50,358,600 (pre-share split: 18,245,871) Class A common shares at a price of $0.1949 per share (pre-share split: $0.538 per share) totalling $9,824,700 to acquire 98,247 preferred shares of Smoker's Corner from its holders. These preferred shares have been eliminated upon consolidation.

(iv) On April 30, 2018, the Company issued 30,324,120 (pre-share split: 10,987,000) Class A common shares at a price of $0.3623 per share (pre-share split: $1.00 per share) totalling $10,987,000 to acquire 58,517,012 Class A common shares of Famous Brandz from its shareholders.

(v) On May 2, 2018, the Company closed a brokered private placement offering for 10,225,800 (pre-share split: 3,705,000) common shares at $0.3623 per share (pre-share split: $1.00 per share). The brokers' fees consist of cash payment of $263,000 and 670,680 (pre-share split: 243,000) broker warrants, which are exercisable at $0.3623 each (pre-share split: $1.00 each). These warrants were valued at $157,547 using Black Scholes option pricing model using the following assumptions:

- Rate free interest rate: 1.77%
- Expected volatility: 130%
- Expected life in years: 2
- Expected dividends: Nil

(vi) As the price of the Class A common shares of the Company that were exchanged to acquire Class A common shares of RGR, Smoker's Corner and Famous Brandz were higher, the Company has recorded the extra value paid against the accumulated losses amounting to $11,069,561.

(vii) Subsequent to the period end, on August 24, 2018, the shareholders approved by special resolution a stock split of the common shares of the Company at a ratio to be set by the Company's Board of Directors, provided that not more than 5 and not less than 1 post-split shares would be issued for each pre-split share. By resolution made effective September 18, 2018, the Company's Board of Directors authorized a share split of the unissued, and issued and outstanding common shares of the Company such that 1 pre-split share would be converted to 2.76 post-split shares (1:2.76). The Articles of Amendment effecting the share-split was filed with the Registrar of Corporations (Alberta) on October 4, 2018. The share split has been reflected in these unaudited condensed consolidated interim financial statements for the historical periods on a retroactive basis.

8.0 Financial Instruments and Risk Management

The Company's activities expose it to a variety of financial risks. The Company is exposed to credit, liquidity, and market risk because of holding certain financial instruments. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

Risk management is carried out by senior management in conjunction with the Board of Directors.

8.1 Fair value

IFRS establishes a three-level hierarchy that prioritizes the inputs relative to the valuation techniques used to measure fair value. Fair values of assets and liabilities included in Level 1 of the hierarchy are determined by reference to quoted prices in active markets for identical assets and liabilities. Fair value of assets and liabilities in Level 2 are determined using inputs other than quoted prices for which all significant outputs are observable, either directly or indirectly. Fair value of assets and liabilities in Level 3 are determined based on inputs that are unobservable and significant to the overall fair value measurement. Accordingly, the Company has categorized its financial instruments carried at fair value into one of three different levels depending on the observability of the inputs employed in the measurement. The Company's cash balance and marketable securities is subject to Level 1 valuation.

The Company's financial instruments consist of cash and cash equivalent to accounts receivable, loans receivable, accounts payable and accrued liabilities, and long-term loans. The carrying amounts of current assets and liabilities approximate their fair value due to their short period to maturity.

Loans receivable are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The fair values of notes receivable are not materially different to their carrying amounts, since the interest receivable on those notes is either close to current market rates or the notes are of a short-term nature. If collection of the amounts is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

For all borrowings, the fair values are not materially different to their carrying amounts, since the interest payable on those borrowings is close to current market rates.

8.2 Credit risk

Credit risk arises when one party to a financial instrument will cause a financial loss for the other party by failing to discharge its obligation. Financial instruments that subject the Company to credit risk consist primarily of cash, accounts receivable and marketable securities. The credit risk relating to cash and cash equivalents and marketable securities balances is limited because the counterparties are large commercial banks in Canada and the United States.The amounts reported for accounts receivable in the statement of financial position is net of allowances for doubtful accounts and bad debts and the net carrying value represents the Company's maximum exposure to credit risk. Accounts receivable (trade) credit exposure is minimized by entering into transactions with creditworthy counterparties and monitoring the age and balances outstanding on an ongoing basis. Payment terms with customers are at the point of sales or within 30 days from invoice date for corporate customers. Sales to retail customers are required to be settled in cash or using major credit cards, mitigating credit risk.

The following table sets forth details of the aging profile of accounts receivable and the allowance for doubtful accounts:

As at	July 31, 2018
Current (for less than 30 days)	$ 585,612
31 – 60 days past due	235,463
61 – 90 days past due	136,111
Past due for greater than 90 days	1,706,691
Allowance for doubtful accounts	(115,867)
	$ 2,548,010

During the three and nine months ended July 31, 2018, $Nil and $Nil respectively (three and nine months ended July 31, 2017 - $9,400 and $17,000 respectively) in trade receivables were written off due to bad debts. Individual receivables which are known to be uncollectible are written off by reducing the carrying amount directly. The remaining accounts receivable are assessed collectively to determine whether there is objective evidence that an impairment has been incurred but not yet been identified.

For these receivables, the estimated impairment losses are recognised in a separate provision for impairment. The Company considers that there is evidence of impairment if any of the following indicators are present: significant financial difficulties of the customer; probability that the customer will enter bankruptcy or financial reorganization; and default or delinquency in payments (more than 90 days overdue).

Receivables for which an impairment provision was recognised are written off against the provision when there is no expectation of recovering additional cash. Impairment losses are recognised in profit or loss within general and administrative expenses. Subsequent recoveries of amounts previously written off are credited against general and administrative expenses. Movements in the provision for impairment of trade receivables that are assessed for impairment collectively are as follows:

	July 31, 2018
Balance at November 1	$ 108,831
Provision for impairment recognised during the year	7,036
Receivables written off during the year as uncollectible	-
Balance at July 31, 2018	$ 115,867

8.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company generally relies on funds generated from operations and related parties to provide sufficient liquidity to meet budgeted operating requirements and to supply capital to increase the development of its technology services. The Company has sufficient working capital to meet obligations as they come due.

Maturities of the Company's financial liabilities are as follows:

July 31, 2018	Contractual cash flows	Less than one year	1 - 5 years	Greater than 5 years
Accounts payable and accrued liabilities	$ 1,691,910	$ 1,691,910	$ -	$ -
Income taxes payable	843,309	843,309	-	-
Long-term loans	31,485	31,485	-	-
Total	$ 2,566,704	$ 2,566,704	$ -	$ -

8.4 Interest rate risk

The Company is not exposed to significant interest rate risk as its interest-bearing financial instruments carry a fixed rate of interest.

8.5 Foreign currency risk

Foreign currency risk is defined as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company maintains cash balances and enters into transactions denominated in foreign currencies, principally in United States dollars, which exposes the Company to fluctuating balances and cash flows due to variations in foreign exchange rates.

The Canadian dollar equivalent carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities as at July 31, 2018, were as follows:

(Canadian dollar equivalent amounts of US dollar balances)		July 31, 2018
Cash	$	70,188
Accounts receivable		1,179,414
Accounts payable and accrued liabilities		(506,385)
	$	743,217

Assuming all other variables remain constant, a fluctuation of +/- 5.0 percent in the exchange rate between the American dollar and the Canadian dollar would impact income before tax by approximately $37,000. To date, the Company has not entered into financial derivative contracts to manage exposure to fluctuations in foreign exchange rates.

9.0 Related Party Transactions

9.1 Operational transaction

RGR acts as the procurement entity for the Company and sells inventory to the Company for external sale. The transactions between RGR, Smoker's Corner and Famous Brandz have been eliminated upon consolidation and combination.

9.2 Executive compensation

The Company defines key management personnel as being the Chief Executive Officer (who is also the major shareholder and director), Chief Operating Officer, Chief Financial Officer, Chief Revenue Officer and Chief Strategy Officer. The Company has not provided non-cash benefits to the key management.

Key management compensation were as follows:

	Three months ended July 31		Nine months ended July 31	
	2018	2017	2018	2017
Salaries and other short-term employee benefits	$ 145,489	$ 77,500	$ 414,294	$ 232,500

None of the other directors were paid any fees or other emoluments during the three and nine months ended July 31, 2018 and 2017.

10.0 Contingent Liability

An action with the Court of Queen's Bench (Alberta) (the "QB Claim") and a complaint with the Human Rights Tribunal (Alberta) (the "HR Complaint") was filed by a former employee. The amount claimed by the former employee is approximately $200,000 plus interest and other costs. Based on advice from the legal counsel, management believes that, in an adverse scenario, the amount is not expected to be material. Accordingly, no provision for the liability has been recognized in these unaudited condensed consolidated interim financial statements.

11.0 Subsequent Events

11.1 Construction Contracts

Subsequent to the period, Canna Cabana entered into contracts totalling $4.8 million with three building contractors in Calgary and Edmonton for the construction of 20 retail outlets. Additional contracts for security services have been signed with a Calgary based security services company.

11.2 Private Placement

On October 2, 2018, the Company closed a brokered private placement (entered into on June 21, 2018) issuing 13,307,418 special warrants for gross proceeds of $18.4 million. The Company received net proceeds of $17.0 million after deduction of commissions and brokerage fees issued in two tranches of $8.2 million on August 22, 2018, and $5.7 million on October 2, 2018. The balance of funds are held in trust by Garfinkle Biderman LLP. Each special warrant will consist of one common share and one-half common share purchase warrant exercisable at a purchase price of $2.07 per warrant for a period of 24 months from the date of listing on the Canadian Securities Exchange.

Subsequent to the period end, the Company initiated a process to become a listed entity on the Canadian Securities Exchange (“CSE”) . The company is pursuing a listing to enable easier access to capital markets should additional capital be required to fund future growth plans as well as to create liquidity for existing shareholders.

11.3 Canna Cabana Licensing

The Company, through Canna Cabana and KushBar, submitted applications for 32 retail cannabis licences in Alberta. An additional licence application under Canna Cabana was submitted by a franchisee. On August 16, 2018, Canna Cabana was granted an interim conditional licence by Alberta Gaming and Liquor Commission (AGLC) for the sale of cannabis in Alberta. Further, as of the date of these unaudited condensed consolidated interim financial statements Canna Cabana has received 19 development permits for municipal operations. The Company, through Kush West has submitted an application for a wholesale cannabis permit in the province of Saskatchewan.

11.4 New Office and Warehouse

A new office and warehouse unit (“unit”) is currently being developed by Grover Properties Inc., a related party under the control of a shareholder. This unit will be leased to High Tide to accommodate the Company’s planned operational expansion. High Tide will be responsible for the related leasehold improvements, which are currently estimated at $1.2 million. An assessment for fair market lease rates is currently being performed to establish an appropriate rental amount between the related parties. To facilitate the mortgage for the development of this unit, a loan guarantee of up to $1.5 million has been provided by Smoker’s Corner and the mortgage is yet to be finalized. The unit is expected to be completed and ready for occupancy on or around December 31, 2018.

11.5 New Contracts

On August 16, 2018, High Tide announced that it entered into a distribution agreement for its "Famous X" line of lifestyle accessories with Evergreen, a division of Summit Distribution, LLC ("Evergreen"). The range of products being distributed under the agreement were developed by the Company's Famous Brandz entity and include but are not limited to bubblers, dugouts, grinders, hand pipes, rolling trays and water pipes. Effective immediately, shipments of the "Famous X" product line, featuring familiar brands of Cheech & Chong's Up in Smoke and the Trailer Park Boys, will start being delivered to Evergreen's regional distribution centres across the United States.

On September 14, 2018, Famous Brandz announced that it entered into a Master Accessories Supply Agreement (“MASA”) with the Ontario Cannabis Store (“OCS”). The MASA formalizes the supply of a variety of the Company's hand-blown glass smoking accessories from its "Famous X" line of convenient and cost-effective products, over a two-year initial term with two-year renewal options held by the OCS. This MASA serving the province of Ontario, which is Canada's largest consumer market, validates Famous Brandz as a leading player in the cannabis accessories market.

On September 18, 2018, High Tide's wholly-owned subsidiary, Famous Brandz ("Famous Brandz") entered into a licensing agreement for certain merchandising rights to Guns N' Roses with Bravado Canada, A Division of Universal Music Canada Inc. (the "License"). In exchange for royalties payable to the licensor, the License authorizes Famous Brandz to sell Guns N' Roses branded goods including bubblers, dugouts, grinders, hand pipes, rolling papers, trays, vaporizers, waterpipes and other smoking accessories. The License has a three-year term and features an unlimited global territory, with all products permitted to be sold via mass retail, specialty stores, independent retailers and e-commerce websites.

11.6 Shareholder and Director Resolutions

On August 24, 2018, High Tide held a special meeting of shareholders to appoint the new members of the Board of Directors consisting of Arthur Kwan, Nader Ben Aissa, Paul Rosen and David Shekhter. On August 27, 2018, David Shekhter resigned due to a conflict of interest. On October 16, 2018, Nitin Kaushal was appointed to the Board of Directors. The Board of Directors is currently comprised of Raj Grover, Arthur Kwan, Nader Ben Aissa, Paul Rosen and Nitin Kaushal.

The shareholders also passed resolutions to change the name of the Company from High Tide Ventures Inc. to High Tide Inc., which occurred on October 4, 2018.

On September 18th, 2018, our Board of Directors authorized a stock split of both our authorized, and issued and outstanding shares of common stock of High Tide at a ratio of 2.76 for 1 common share (the "Stock Split"). The corporate action regarding the Stock Split with the Alberta Security Commission (ASC) was filed on October 4th, 2018.

11.7 Business Acquisition

On October 17, 2018, the Company acquired 100% of Smiley's Cannabis and Bud's in Okotoks, Alberta. The acquisition provides the Company with an additional retail location and development permit to operating a recreational Cannabis store

12.0 ADDITIONAL INFORMATION

Additional information pertaining to the Company is available at www.hightideinc.ca.