June 27, 2019

2019 Second Quarter Report

for the Period Ended April 30, 2019

Calgary, AB, June 27, 2019 / CNW / − High Tide Inc. ("High Tide" or the "Company") (CSE:HITI) (OTCQB:HITIF) (Frankfurt:2LY), an Alberta-based, retail-focused cannabis corporation enhanced by the manufacturing and wholesale distribution of smoking accessories and cannabis lifestyle products, has filed its financial results for the second fiscal quarter of 2019 ending April 30, the highlights of which are included below, followed by the Condensed Interim Consolidated Financial Statements and Management's Discussion and Analysis.

Second Quarter 2019 Financial Highlights
(In thousands of Canadian dollars)

- Revenue for the three months ended April 30, 2019 increased by 325%, to $6,596 from $1,554 for the same period in the previous year. Revenue for the six months ended April 30, 2019 increased by 159%, to $11,596 from $4,477 for the same period in the previous year. The increases are primarily due to the acquisition of Grasscity, the retail cannabis operations of Canna Cabana which began generating revenue on October 27, 2018 and sales made to new customers in the Company's Wholesale Segment.
- Gross margin for the three months ended April 30, 2019 increased by 181%, to $2,351 from $835 in the same period in 2018, primarily due to an increase in sales volume. Gross margin for the six months ended April 30, 2019 increased by 67%, to $4,141 from $2,473 in the same period in 2018 as a result of increased sales volumes.
- For the six months ended April 30, 2019, the Company generated a loss of $7,140 (2018 – loss of $71) and had net operating cash outflows of $7,104 (2018 – outflows of $10,552). The loss and cash outflows are primarily driven by start-up costs to incorporate and staff High Tide and Canna Cabana, as well as from an increased amount of professional fees and rent paid.
- For the quarter ended April 30, 2019, the total assets of the Company increased by 84% to $47,677 from $25,922 on January 31, 2019.
- High Tide had a working capital surplus of $16,163 for the three months ending April 30, 2019 (October 31, 2018 - $14,920), mainly due to an increase in liabilities resulting from expanded operations as Canna Cabana began to operate and Grasscity was acquired.

Second Quarter 2019 Corporate Highlights
(In thousands of Canadian dollars – except for number of shares)

- On February 4, 2019, High Tide was selected by a winner of one of the 25 opportunities to apply for an operator's licence as a result of the Alcohol and Gaming Commission of Ontario's (the "AGCO") Expression of Interest Application Lottery (the "Lottery").

- On February 12, 2019, High Tide was selected to assist with the establishment and operation of a retail cannabis store by a second winner of one of the 25 opportunities to apply for an operator's licence as a result of the AGCO's Lottery.
- On February 14, 2019, High Tide opened its 8th Canna Cabana retail store located in Beaumont, Alberta.
- On February 21, 2019, High Tide opened its 9th Canna Cabana retail store located in Calgary, Alberta.
- On February 27, 2019, High Tide opened its 10th Canna Cabana retail store located in Calgary, Alberta.
- On March 21, 2019, High Tide was selected to assist with establishing and operating a retail cannabis store by a third winner of one of only 25 opportunities to apply for an operator's licence as a result of the AGCO's Lottery.
- On March 28, 2019, High Tide opened its 11th Canna Cabana retail store located in Okotoks, Alberta.
- On April 3, 2019, High Tide shares were upgraded by the OTC Markets Group for trading on the OTCQB Market under the stock symbol "HTDEF", which was subsequently changed by the Company to "HITIF".
- On April 8, 2019, High Tide opened its 13th Smoker's Corner retail store located in Edmonton, Alberta.
- On April 10, 2019, High Tide closed the sale of unsecured convertible debentures of the Company under the brokered private placement, pursuant to which it issued 8,360 debentures at a price of $1,000 per debenture for gross proceeds of $8,360. Of the offering, Aphria Inc. subscribed for 4,500 debentures, accounting for $4,500 of the total gross proceeds.
- On April 30, 2019, High Tide granted 2,647,500 stock options to various employees, directors, officers and consultants of the Company, exercisable at $0.50 cents per option.

- Subsequent to the end of the second fiscal quarter of 2019, in chronological order, High Tide:

    - Opened its 14th, 15th Canna Cabana retail stores in Fort Saskatchewan and Lacombe, Alberta;
    - Received approval from the Depository Trust Company (the "DTC") to make the Company's common shares eligible to be electronically cleared and settled through DTC, making High Tide's shares more accessible to investors in the United States;
    - Announced that Canna Cabana was granted membership into the Canadian Franchise Association (the "CFA"), subsequent to which High Tide now possesses a Certificate of CFA Membership for both the Smoker's Corner and Canna Cabana businesses;
    - Announced that Canna Cabana was selected by random algorithmic draw as the successful retailer for the community of Niverville during Manitoba's Cannabis Retail Opportunities Draw held on May 15, 2019, which will permit Canna Cabana to operate a bricks-and-mortar retail store in Niverville as well as e-commerce sales serving the entire province;
    - Acquired Dreamweavers Cannabis Products Inc, a retail cannabis store and e-commerce business currently operating in Swift Current, Saskatchewan;
    - Appointed Rahim Kanji as the Chief Financial Officer of the Company effective May 28, 2019;

- Announced the opening of the third Canna Cabana-branded location Ontario, located on Yonge St. in downtown Toronto;
- Closed the final tranche of its oversubscribed convertible debenture offering, with gross proceeds raised of $11,560, significantly over the $10,000 target;
- Opened its 14th Smoker's Corner retail store located in Edmonton, Alberta; and
- Upgraded the Grasscity business to the Magento 2 e-commerce platform.

SUMMARY OF KEY FINANCIAL MEASURES

For the six months ended April 30:

$ Millions (except where noted)	**Six months ended April 30** **2019**	2018
	$	$
Revenue	**11.6**	4.5
Gross Margin	**4.1**	2.5
Gross Margin Percentage	**36%**	55%
Total Expenses	**(13.7)**	(2.4)
Loss Before Taxes	**(9.5)**	-
Net Loss for the Period	**(7.1)**	(0.7)
Loss Per Share (Basic)	**(0.04)**	(0.00)
Loss Per Share (Diluted)	**(0.04)**	(0.00)

SUMMARY OF QUARTERLY MEASURES

(C$ in millions, except per share amounts)	**Q2 2019**	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017
Net Revenue	**6.6**	5.0	2.1	2.2	1.7	2.7	2.5	3.0
Income (Loss) Before OCI	**(3.3)**	(3.8)	(3.8)	(0.6)	(0.4)	0.3	0.3	(0.6)
Basic EPS	**(0.02)**	(0.02)	(0.05)	-	-	0.01	-	0.04
Diluted EPS	**(0.02)**	(0.02)	(0.05)	-	-	0.01	-	0.04

Condensed Interim Consolidated Financial Statements

For the three and six months ended April 30, 2019 and 2018
(Stated In thousands of Canadian dollars, except share and per share amoun
(Unaudited)

Notice of no auditor review of Condensed Interim Consolidated Financial Statements for the three and six month periods ended April 30, 2019 and 2018.

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed interim consolidated financial statements, they must be accompanied by a notice indicating that the condensed interim consolidated financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of High Tide Inc. ("High Tide" or the "Company") have been prepared by and are the responsibility of the Company's management and have been approved by the Audit Committee and Board of Directors of the Corporation.

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim condensed financial statements by the entity's auditor.

Approved on behalf of the Board:

(Signed) "Harkirat (Raj) Grover"
President and Chairman of the Board

(Signed) "Nitin Kaushal"
Director and Chairman of the Audit Committee

(Unaudited – In thousands of Canadian dollars)

	Notes	April 30, 2019	October 31, 2018
		$	$
Assets			
Current assets			
Cash and cash equivalents		**9,295**	8,198
Accounts receivable	*13*	**1,262**	855
Inventory		**4,175**	3,463
Prepaid expenses, deposits and other receivables		**6,324**	4,931
Current portion of loans receivable		**184**	62
Total current assets		**21,240**	17,509
Non-current assets			
Property and equipment	*6*	**8,960**	3,598
Long term prepaid expenses, deposits and other receivables		**600**	1,200
Long term accounts receivable		**753**	706
Loans receivable		**1,006**	-
Deferred tax asset		**4,476**	1,975
Intangible assets	*5*	**4,657**	934
Goodwill		**5,985**	-
Total non-current assets		**26,437**	8,413
Total assets		**47,677**	25,922
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		**4,356**	2,515
Short term contract liability		**15**	-
Income taxes payable		**369**	33
Current portion of finance lease obligation		**6**	6
Shareholder loans		**331**	36
Total current liabilities		**5,077**	2,590
Non-current liabilities			
Convertible debentures	*7*	**18,049**	-
Long term contract liability		**344**	-
Finance lease obligations		**14**	17
Total non-current liabilities		**18,407**	17
Total liabilities		**23,484**	2,607
Shareholders' equity			
Share capital	*8*	**54,049**	35,695
Contributed surplus		**1,822**	-
Convertible debentures – equity	*7*	**843**	-
Special warrants	*10*	**-**	16,904
Warrants	*11*	**5,156**	905
Accumulated other comprehensive loss		**(36)**	-
Accumulated deficit		**(37,553)**	(30,176)
Equity attributable to owners of the Company		**24,281**	23,328
Non-controlling interest		**(88)**	(13)
Total shareholders' equity		**24,193**	23,315
Total liabilities and shareholders' equity		**47,677**	25,922

(Unaudited – In thousands of Canadian dollars)

	Notes	Three months ended April 30 2019	2018	Six months ended April 30 2019	2018
		$	$	$	$
Revenue					
Merchandise sales (net of discounts)	*4*	**6,279**	1,283	**11,178**	3,924
Royalty revenue	*4*	**50**	217	**135**	440
Interest and other revenue	*4*	**267**	54	**283**	112
Net revenue		**6,596**	1,554	**11,596**	4,476
Cost of sales		**(4,245)**	(718)	**(7,456)**	(2,004)
Gross profit		**2,351**	836	**4,140**	2,472
Expenses					
Salaries, wages and benefits		**(2,123)**	(543)	**(4,341)**	(1,050)
Share-based compensation		**(590)**	-	**(1,822)**	-
General and administration		**(1,650)**	(477)	**(3,009)**	(766)
Professional fees		**(1,473)**	(339)	**(2,352)**	(350)
Advertising and promotion		**(517)**	(149)	**(1,166)**	(227)
Depreciation and amortization		**(275)**	(9)	**(461)**	(19)
Transaction costs		**(231)**	(8)	**(373)**	(8)
Interest and bank charges		**(74)**	(32)	**(201)**	(47)
Total expenses		**(6,933)**	(1,557)	**(13,725)**	(2,467)
Income (loss) from operations		**(4,582)**	(721)	**(9,585)**	5
Other income (expenses)					
FV change in conversion feature and warrants liability		-	28	-	28
Gain on disposal of asset		-	-	**3**	-
Discount on accounts receivable		**58**	-	**82**	-
Foreign exchange gain (loss)		**39**	339	**(36)**	(62)
Total other income (expenses)		**97**	367	**49**	(34)
Loss before taxes		**(4,485)**	(354)	**(9,536)**	(29)
Income tax recovery (expense)		**1,166**	(42)	**2,396**	(42)
Net loss for the period		**(3,319)**	(396)	**(7,140)**	(71)
Total comprehensive loss for the period		**(3,319)**	**(396)**	**(7,140)**	**(71)**
Total loss and comprehensive loss attributable to:					
Owners of the company		**(3,286)**	(396)	**(7,065)**	(71)
Non-controlling interest		**(33)**	-	**(75)**	-
		(3,319)	(396)	**(7,140)**	(71)
Basic	*12*	**(0.02)**	**(0.00)**	**(0.04)**	**(0.00)**
Diluted	*12*	**(0.02)**	**(0.00)**	**(0.04)**	**(0.00)**

Commitments and Contingencies (Note 16)
Subsequent Events (Note 18)

High Tide Inc.
Condensed Interim Consolidated Statements of Changes in Equity
(Unaudited – In thousands of Canadian dollars)

	Note	Share capital	Special warrants	Warrants	Contributed surplus	Equity portion of convertible debt	Accumulated other comprehensive loss	Accumulated deficit	Attributable to owners of the Company	NCI	Total
		$	$	$	$	$	$	$	$	$	$
Balance, October 31, 2017		**668**	-	-	-	-	**51**	**(10,050)**	**(9,331)**	-	**(9,331)**
Shares issued for cash		445	-	-	-	-	-	-	445	-	445
Shares issued on debt conversion		852	-	-	-	-	-	-	852	-	852
Shares issued for services rendered		145	-	-	-	-	-	-	145	-	145
Shares issued - convertible debentures		669	-	-	-	-	-	-	669	-	669
Shares and warrants issued on reorganization		31,987	-	242	-	-	-	(10,789)	21,440	-	21,440
Eliminated on corporate reorganization		(2,779)	-	-	-	-	-	-	(2,779)	-	(2,779)
Dividends on corporate reorganization		-	-	-	-	-	-	(4,492)	(4,492)	-	(4,492)
Shares issued on High Tide incorporation		20	-	-	-	-	-	-	20	-	20
Loss for the period		-	-	-	-	-	-	(68)	(68)	-	(68)
Balance, April 30, 2018		**32,007**	-	**242**	-	-	**51**	**(25,399)**	**6,901**	-	**6,901**
Private placement		3705	-	-	-	-	-	-	3705	-	3705
Share issue costs – cash		(263)	-	-	-	-	-	-	(263)	-	(263)
Broker warrants		(158)	-	158	-	-	-	-	-	-	-
Intangible assets acquisition		290	-	-	-	-	-	-	290	-	290
Special warrants		-	18364	-	-	-	-	-	18364	-	18364
Warrant issue costs		-	(2,000)	506	-	-	-	-	(1,494)	-	(1,494)
Tax effect of share issue costs		114	540	-	-	-	-	-	654	-	654
Unrealized (loss) gain on marketable securities		-	-	-	-	-	(22)	22	-	-	-
Marketable securities upon settlement		-	-	-	-	-	(29)	29	-	-	-
Loss for remainder of the year		-	-	-	-	-	-	(4,828)	(4,828)	(13)	(4,841)
Balance, October 31, 2018		**35,695**	**16,904**	**906**	-	-	-	**(30,176)**	**23,329**	**(13)**	**23,316**
Transition adjustment – IFRS 9		-	-	-	-	-	-	(26)	(26)	-	(26)
Transition adjustment – IFRS 15		-	-	-	-	-	-	(286)	(286)	-	(286)
Conversion of special warrants	*10*	13,051	(16,904)	3,853	-	-	-	-	-	-	-
Grasscity acquisition		4,205	-	-	-	-	-	-	4,205	-	4,205
Share-based compensation		-	-	-	1,822	-	-	-	1,822	-	1,822
Equity portion of convertible debentures		-	-	-	-	843	-	-	843	-	843
Cumulative translation adjustment		-	-	-	-	-	(36)	-	(36)	-	(36)
Garfinkle finders fee paid in shares		400	-	-	-	-	-	-	400	-	400
IPO Transaction Cost		(143)	-	-	-	-	-	-	(143)	-	(143)
Dominick Capital finders fee paid in shares		5	-	-	-	-	-	-	5	-	5
Interest payment paid in shares		836	-	-	-	-	-	-	836	-	836
Warrants issued April, 2019	*11*	-	-	397	-	-	-	-	397	-	397
Loss for the period		-	-	-	-	-	-	(7,065)	(7,065)	(75)	(7,140)
Balance, April 30, 2019		**54,049**	-	**5,156**	**1,822**	**843**	**(36)**	**(37,553)**	**24,281**	**(88)**	**24,193**

(Unaudited – In thousands of Canadian dollars)

	Notes	2019	2018
		$	$
Operating activities			
Net (Loss) for the period		(7,140)	(71)
Income tax expense (recovery)		(2,396)	42
Transactions costs and fees for services paid in shares		1,241	
Depreciation and amortization	*5, 6*	461	19
Gain on disposal of assets		(3)	-
Share-based compensation	*9*	1,822	-
Discount on accounts receivable		(82)	-
		(6,097)	(10)
Changes in non-cash working capital			
Accounts receivable		(453)	(4,640)
Inventory		(712)	(763)
Prepaid expenses, deposits and other receivables		(792)	(375)
Loans receivable	*17*	(1,128)	(41)
Loans payable		-	66
Advances to related parties		-	510
Accounts payable and accrued liabilities		1,806	(4,334)
Contract liability		(359)	-
Shareholder loans		295	(649)
Income tax paid		337	(319)
Net cash used in operating activities		(7,103)	(10,555)
Investing activities			
Purchase of property and equipment		(4,693)	14
Purchase of intangible assets		(1,593)	-
Proceeds on disposal of property and equipment		3	-
Grasscity acquisition		(4,688)	-
Net cash (used in) provided by investing activities		(10,971)	14
Financing activities			
Repayment of finance lease obligations		(3)	(50)
Proceeds from convertible debentures net of issue costs	*7*	19,174	-
Proceeds from marektable securities net of issue costs		-	12,928
Payment of dividends		-	(953)
Net cash provided by financing activities		19,171	11,925
Increase in cash		1,097	1,384
Cash and cash equivalents, beginning of the period		8,198	1,067
Cash and cash equivalents, end of the period		9,295	2,451

1. Nature of Operations

High Tide is a vertically integrated manufacturer, distributor, and a seller of smoking accessories, as well as a downstream focused retailer of cannabis products. The Company's shares are listed on the Canadian Stock Exchange ("CSE") under the symbol "HITI", the Frankfurt Stock Exchange ("FSE") under the securities identification code 'WKN: A2PBPS' and the ticker symbol "2LY", and on the OTCQB Market ("OTCQB") under the symbol "HITIF". The address of the Company's corporate and registered office is # 120 – 4954 Richard Road SW, Calgary, Alberta T3E 6L1.

The Company is primarily involved in wholesale and retail sales of cannabis and smoking accessories.

High Tide does not engage in any U.S. cannabis-related activities as defined by the Canadian Securities Administrators Staff Notice 51-352.

High Tide is the parent company to the wholly owned subsidiaries of RGR Canada Inc. ("**RGR**"), Smoker's Corner Ltd. ("**Smoker's Corner**"), Famous Brandz Inc. ("**Famous Brandz**"), Canna Cabana Inc. and Canna Cabana (SK) Inc. (collectively "**Canna Cabana**"), Kush West Distribution Inc. ("**Kush West**"), High Tide Inc., B.V., SJV USA Inc., SJV B.V. and SJV2 B.V. (collectively "**Grasscity**"), HT Global Imports Inc. ("**HT Global Imports"),** Active CBD Inc. and is the owner of 50.1% of the shares of KushBar Inc. ("**KushBar**"). This document also refers to the Company's three reportable operating segments: the "Retail" segment, the "Wholesale" segment and the "Corporate" segment.

2. Accounting Policies

A. Basis of Preparation

These unaudited condensed interim consolidated financial statements ("Financial Statements") have been prepared in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board ("IASB"). They are condensed as they do not include all of the information required for full annual financial statements, and they should be read in conjunction with the audited consolidated financial statements of the Company for the year ended October 31, 2018 which are available on SEDAR at www.sedar.com.

These Financial Statements were approved and authorized for issue by the Board of Directors on June 26, 2019.

The principles and accounting policies used to prepare the Financial Statements are consistent with those of the previous financial year and corresponding interim reporting period, except for the adoption of IFRS 15 and IFRS 9, which was disclosed in the Company's condensed interim consolidated financial statement for the period ended January 31, 2019

B. Use of estimates

The estimates and assumptions are reviewed on an ongoing basis. Revisions in 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. Significant judgements, estimates, and assumptions within these condensed interim consolidated financial statements remain the same as those applied to the consolidated financial statements for the year ended October 31, 2018 as well as the condensed interim consolidated financial statements for the period ended January 31, 2019.

3. Business Combinations

A. Current period

The Company did not enter into new business combinations during the three months period ended April 30, 2019.

B. Prior period

On December 6, 2018, the Company entered into a share purchase agreement to acquire all of the issued and outstanding shares of three entities, SJV B.V., SJV2 B.V. and SJV USA Inc. that together operate under the name Grasscity. The transaction closed on December 19, 2018. Based in Amsterdam, Netherlands, Grasscity is an online retailer of smoking accessories and cannabis lifestyle products that has been operating for over 20 years. The Company acquired Grasscity to increase its customer base, establish an international presence, and to leverage synergies to further enhance High Tide's vertically integrated supply chain, manufacturing expertise, and distribution networks. Details of this business combination were disclosed in Note 4 of the Company's condensed interim consolidated financial statements for the period ended January 31, 2019.

(Unaudited – In thousands of Canadian dollars, except share and per share amounts)

4. Revenue from Contracts with Customers

For the three months ended April 30, 2019	Corporate	Retail	Wholesale	Total
	$	$	$	$
Primary geographical markets				
Canada	28	3,535	1,057	4,620
USA	-	1,093	686	1,779
International	-	148	49	197
Total revenue	**28**	**4,776**	**1,792**	**6,596**
Major products and services				
Cannabis	-	2,667	-	2,667
Smoking accessories	-	1,873	1,739	3,612
Franchise royalties and fees	16	34	-	50
Interest and other revenue	12	202	53	267
Total revenue	**28**	**4,776**	**1,792**	**6,596**
Timing of revenue recognition				
Transferred at a point in time	-	4,641	1,711	6,353
Transferred over time	28	134	81	243
Total revenue	**28**	**4,776**	**1,792**	**6,596**

For the six months ended April 30, 2019	Corporate	Retail	Wholesale	Total
	$	$	$	$
Primary geographical markets				
Canada	28	5,790	2,867	8,685
USA	-	1,705	935	2,640
International	-	179	92	271
Total revenue	**28**	**7,674**	**3,894**	**11,596**
Major products and services				
Cannabis	-	4,276	-	4,276
Smoking accessories	-	3,089	3,813	6,902
Franchise royalties and fees	16	118	-	134
Interest and other revenue	12	191	81	284
Total revenue	**28**	**7,674**	**3,894**	**11,596**
Timing of revenue recognition				
Transferred at a point in time	-	7,538	3,813	11,351
Transferred over time	28	136	81	245
Total revenue	**28**	**7,674**	**3,894**	**11,596**

(Unaudited – In thousands of Canadian dollars, except share and per share amounts)

5. Intangible Assets

	Software	Lease buy-out	Brand Name	Total
Cost	$	$	$	**$**
Balance, October 31, 2017	-	-	-	-
Additions	159	777	-	936
Balance, October 31, 2018	159	777	-	936
Additions (i)	476	1,624	1,803	3,903
Balance, April 30, 2019	**635**	**2,401**	**1,803**	**4,839**
Accumulated depreciation				
Balance, October 31, 2017	-	-	-	-
Charge for the period	2	-	-	**2**
Balance, October 31, 2018	2	-	-	2
Charge for the period	11	7	162	180
Balance, April 30, 2019	**13**	**7**	**162**	**182**
Net book value				
Balance at October 31, 2017	-	-	-	-
Balance at October 31, 2018	161	777	-	938
Balance at April 30, 2019	**622**	**2,394**	**1,641**	**4,657**

(i) Brand name intangible additions of $1,539 were acquired as part of the acquisition of Grasscity.

Six of the thirteen lease buy-out additions have started to get amortized as they were available for use during the period. In line with the requirements of IFRS, the Company carried out an impairment test of its definite life intangible assets that were not available for use. Management has determined that the recoverable amount exceeds the carrying value of these intangible assets. Accordingly, no impairment has been recorded.

6. Property and Equipment

	Office equipment and computers	Leasehold improvements	Vehicles	Buildings	Total
	$	$	$	$	$
Cost					
Balance, October 31, 2017	49	321	163	-	533
Additions	144	3,288	4	145	3,581
Balance, October 31, 2018	193	3,609	167	145	4,114
Additions (i)	1,212	4,596	1	-	5,809
Balance, April 30, 2019	**1,405**	**8,205**	**168**	**145**	**9,923**
Accumulated depreciation					
Balance, October 31, 2017	25	311	96	-	432
Charge for the year	24	14	46	-	84
Balance, October 31, 2018	49	325	142	-	516
Charge for the period	47	396	4	-	447
Balance, April 30, 2019	**96**	**721**	**146**	**-**	**963**
Net book value					
Balance, October 31, 2018	144	3,284	25	145	3,598
Balance, April 30, 2019	**1,309**	**7,484**	**22**	**145**	**8,960**

(i) $1,227 was incurred for new buildout of leasehold improvements for head office and warehouse in November and December 2018. The new head office and warehouse was available for use on January 1, 2019.

7. Convertible Debentures

On November 28, 2018, the Company entered into an agreement for a brokered private placement for the sale of up to 20,000 convertible debentures of the Company, at a price of $1 per debenture for gross proceeds of up to $20,000. The net proceeds of the offering will be used by the Company to fund retail acquisitions, Canna Cabana and Smoker's store upgrades, for strategic acquisition opportunities as well as for general working capital purposes. The debentures bear interest at a rate of 8.5% per annum, payable on the last business day of each calendar quarter. The debentures are convertible to common shares of the Company at a price of $0.75 per common share and mature two years from the closing of the offering. The lead agent has the option, at its discretion, to arrange for the purchase of up to an additional $20,000 in Debentures, for total proceeds of up to $40,000. The first closing occurred on December 13, 2018 issuing 11,330 debentures at a price of $1 per debenture for gross proceeds of $11,330. The company incurred $504 in issue costs and $45 in legal costs in relation to the first closing.

On April 10, 2019, the Company closed the first tranche of the sale of unsecured convertible debentures (the "Debentures") of the Company under the non-brokered private placement (the "Offering") with gross proceeds of $8,360. The outstanding principal amount under the Debentures is convertible at any time before maturity and at the option of the holder, into common shares of the Company (the "Shares") at a conversion price of $0.75 per share. Under the Offering, the Company also issued common share purchase warrants (the "Warrants") such that each subscriber received one Warrant for each $0.75 original principal amount of its Debenture, resulting in 11,146,667 Warrants being issued as part of the Offering. Each Warrant entitles the holder to acquire one Share at an exercise price of $0.85 per Share for two years from the date of issuance. The company incurred $398 in issue costs which was paid in warrants at $0.85 and $56 in legal costs paid in shares at $0.50.

The proceeds of $8,360 were first allocated to the debenture component, and the remainder allocated to the equity conversion option and warrants as follows: i) the debenture component for $7,679, ii) the equity conversion option for $224, and iii) the warrants for $398. The warrants were valued using the Black-Scholes valuation method using the following assumptions: stock price of $0.45; expected life of 2 years; $nil dividends; expected volatility of 130% based on comparable companies; exercise price of $0.85; and risk-free interest rate of 1.56%.

(Unaudited – In thousands of Canadian dollars, except share and per share amounts)

8. Share Capital

(a) Issued:

Common shares – Class A

	Number of options	Amount
	#	$
Balance, October 31, 2017	**18,400,200**	**668**
Issued for cash	11,113,817	445
Issued on debt conversion	20,486,183	852
Issued for services rendered	3,500,000	146
Issued on conversion of convertible debentures	5,017,012	669
Issued on incorporation of High Tide Inc.	2,760,000	20
Issued to acquire common shares of RGR	6,128,304	1,196
Issued to acquire preferred shares of RGR	45,128,840	8,804
Issued to acquire common shares of Smoker's	6,024,250	1,175
Issued to acquire preferred shares of Smoker's	50,358,600	9,825
Issued to acquire common shares of Famous Brandz	30,324,120	10,987
Eliminated upon reorganization	(58,517,212)	(2,779)
Issued for cash on private placement	10,225,800	3,704
Share issue costs – broker warrants	-	(158)
Share issue cost – cash	-	(263)
Tax effect on share issue costs	-	114
Issued upon asset acquisition	800,000	290
Balance, October 31, 2018	**151,749,914**	**35,695**
Issued upon listing of securities (i)	36,728,474	13,051
Issued upon closing of Grasscity acquisition	8,410,070	4,205
Issued to pay fee in shares	800,000	400
Issued to pay finders fee	11,530	5
Issued to pay interest via shares	1,753,008	836
Share issue cost	-	(143)
Balance, April 30, 2019	**199,452,996**	**54,049**

(i) On November 20, 2018, the Company filed its final prospectus in connection with its proposed initial public offering. The final prospectus qualified, and the Company distributed, 36,728,474 common shares and 18,364,236 common share purchase warrants.

(b) Share issue costs

During the quarter, the Company incurred costs totalling $143 (April 30, 2018 - $nil) associated with becoming a listed entity on the Canadian Securities Exchange which were expensed as share issue costs.

(Unaudited – In thousands of Canadian dollars, except share and per share amounts)

9. Stock Option Plan:

The Company's stock option plan limits the number of common shares reserved under the plan from exceeding a "rolling maximum" of ten (10%) percent of the Company's issued and outstanding common shares from time to time. The stock options vest at the discretion of the Board of Directors, upon grant to directors, officers, employees and consultants of the Company and its subsidiaries. The maximum exercise period of an option shall not exceed 10 years from the grant date. Changes in the number of stock options, with their weighted average exercise prices, are summarized below:

	April 30, 2019		October 31, 2018	
	Number of options	**Weighted Average Exercise Price ($)**	**Number of options**	**Weighted Average Exercise Price ($)**
Balance, beginning of period	-	0.50	-	-
Granted	11,410,000	0.50	-	-
Forfeited	(375,000)	0.50	-	-
Balance, end of period	11,035,000	0.50	-	-
Exercisable, end of period	9,370,007	0.50	-	-

On April 30, 2019, the Company granted 2,647,500 incentive stock options to various officers, directors, employees and consultants. Subsequent to the grant date, 375,000 options were forfeited. The options were valued using the Black-Scholes model utilizing the following, weighted average assumptions:

Risk Free Rate – 1.56%
Volatility – 130%
Option life – 3 years
Exercise price - $0.50

10. Special Warrants

	Number of special warrants	**Amount**
	#	**$**
Balance, October 31, 2017	**-**	**-**
Special warrants issued August 22, 2018	17,911,459	8,956
Issue costs – Cash	-	(582)
Issue costs – Broker warrants	-	(247)
Issue costs – Legal fees	-	(178)
Special warrants issued October 2, 2018	18,817,015	9,409
Issue costs – Cash	-	(612)
Issue costs – Broker warrants	-	(259)
Issue costs – Legal fees	-	(123)
Tax effect on share issue costs	-	540
Balance, October 31, 2018	36,728,474	16,904
Special warrants converted into units* November 27, 2018	(36,728,724)	(16,904)
Balance, April 30, 2019	**-**	**-**

* Each unit comprised of 1 share and ½ purchase warrant, with each full warrant exercisable to acquire one common share at $0.75.

(Unaudited – In thousands of Canadian dollars, except share and per share amounts)

11. Warrants

Outstanding warrants at April 30, 2019 were as follows:

	Note	Number of warrants	Amount	Weighted average price	Weighted average number of years to expiry
		#	$	$	
Balance, October 31, 2017		-	-	-	-
Issued in exchange for Famous Brandz's warrants		1,194,590	242	0.4975	1.00
Issued to brokers for private placement		670,680	158	0.3623	1.00
Issued to brokers for special warrant financing		1,164,245	246	0.3246	1.30
Issued to brokers for special warrant financing		1,223,105	259	0.3246	1.40
Balance, October 31, 2018		**4,252,620**	**905**	**0.3773**	**1.18**
Special warrants converted into units November 27, 2018	*10*	18,364,236	3,853	0.7500	1.60
Issued warrants on Convertibile debt April 18, 2019		11,146,667	398	0.8500	2.00
Balance, April 30, 2019		**33,763,523**	**5,156**	**0.5182**	**1.38**

	Note	Number of warrants	Amount	Weighted average price	Weighted average number of years to expiry
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Balance, April 30, 2019		**33,763,523**	**5,156**	**0.5182**	**1.38**

12. Loss Per Share

	Three months ended April 30		Six months ended April 30	
	2019	2018	**2019**	2018
	$	$	**$**	$
(Net Loss) for the period	**(3,286)**	**(396)**	**(7,065)**	(71)
Non-controlling interest	**(33)**	-	**(75)**	-
(Net Loss) for the period attributable to owners of the Company	**(3,319)**	(396)	**(7,140)**	(71)
	#	#	**#**	#
Weighted average number of common shares - basic and diluted	**199,452,996**	140,724,114	**199,452,996**	140,724,114
Basic (loss) per share	**(0.02)**	(0.00)	**(0.04)**	(0.00)
Dilutive (loss) per share[(i)]	**(0.02)**	(0.00)	**(0.04)**	(0.00)

(i) The Company did not have any options, warrants or other potential dilutive common share instruments outstanding during the period ended April 30, 2019.

(Unaudited – In thousands of Canadian dollars, except share and per share amounts)

13. 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 due to 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.

A full analysis is provided in Note 20 of the audited consolidated financial statements of the company for the year ended October 31, 2018 with significant updates as follows:

Credit risk

Credit risk arises when a party to a financial instrument will cause a financial loss for the counter party by failing to fulfill its obligation. Financial instruments that subject the Company to credit risk consist primarily of cash, accounts receivable, marketable securities and loans receivable. The credit risk relating to cash and cash equivalents and marketable securities balances is limited because the counterparties are large commercial banks. 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 credit exposure is minimized by entering into transactions with creditworthy counterparties and monitoring the age and balances outstanding on an ongoing basis. 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	**April 30, 2019**	October 31, 2018
	$	$
Current (for less than 30 days)	**452**	343
31 – 60 days	**137**	233
61 – 90 days	**103**	73
Greater than 90 days	**710**	334
Allowance for doubtful accounts	**(140)**	(128)
	1,262	855

During the period ended April 30, 2019, $22 in trade receivables were written off due to bad debts (year ended October 31, 2018 – $396). 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.

The Company performs a regular assessment of collectability of accounts receivables. The Company monitors the financial performance and/or cash flows of its franchisees through observation of their point of sale system, receipt of cash from customers and maintains regular contact/discussions. The Company continues to receive payments from the franchisees, and has assessed their amounts to be collectible, however a significant portion of the accounts will take more than one year to collect. Accordingly, management has classified them as long term. In fiscal 2018, the Company reviewed the expected payment schedule and discounted it using an average franchisee credit adjusted rate of 11% resulting in the receivables being discounted by $474. For the period ended April 30, 2019, management reviewed the estimates with no significant changes. Accordingly, a recovery of $82 was recognized for the six months ended April 30, 2019, representing time value accretion on the discount, which has been recorded in the statement of comprehensive loss. The Company continues to receive payments from the franchisees. Further, the Company holds security over its franchisees by way of holding the head lease to their operations and having the right to assume control of the Franchisee location and any operations governed by the applicable Franchise Agreement.

(Unaudited – In thousands of Canadian dollars, except share and per share amounts)

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 equity financings to provide sufficient liquidity to meet budgeted operating requirements and to supply capital to expand its operations. The Company has sufficient working capital to meet obligations as they come due. Maturities of the Company's financial liabilities are as follows:

	Contractual cash flows	Less than one year	1-5 years	Greater than 5 years
	$	$	$	$
October 31, 2018				
Accounts payable and accrued liabilities	2,515	2,515	-	-
Shareholder loans	36	36	-	-
Finance lease obligation	23	6	17	-
Total	2,574	2,557	17	-
April 30, 2019				
Accounts payable and accrued liabilities	4,356	4,356	-	-
Shareholder loans	331	331	-	-
Finance lease obligation	20	6	14	-
Total	**4,707**	**4,693**	**14**	-

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.

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, 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 April 30, 2019 was as follows:

(Canadian dollar equivalent amounts of US dollar and Euro balances)	April 30, 2019 (Euro)	April 30, 2019 (USD)	**April 30, 2019 Total**	October 31, 2018
	$	$	**$**	$
Cash	136	202	**338**	90
Accounts receivable (including long term portion)	50	439	**489**	522
Accounts payable and accrued liabilities	(766)	(599)	**(1,365)**	(218)
Net monetary assets	(580)	42	**(538)**	394

Assuming all other variables remain constant, a fluctuation of +/- 5.0 percent in the exchange rate between the United States dollar and the Canadian dollar would impact the carrying value of the net monetary assets by approximately +/- $2 (October 31, 2018 - $20). Maintaining constant variables, a fluctuation of +/- 5.0 percent in the exchange rate between the Euro and the Canadian dollar would impact the carrying value of the net monetary assets by approximately +/- $29 (October 31, 2018 - $Nil). To date, the Company has not entered into financial derivative contracts to manage exposure to fluctuations in foreign exchange rates. The Company had no balances denominated in Euros as at October 31, 2018.

(Unaudited – In thousands of Canadian dollars, except share and per share amounts)

14. Segmented Information

Segments are identified by management based on the allocation of resources, which is done on a basis of selling channel rather than by legal entity. As such, the Company has established two main segments, being retail and wholesale, with a Corporate segment which includes oversight and start up operations of new entities until such time as revenue generation commences. In assessing performance of the segments and the allocation of resources to the segments, executive management evaluates gross margin, and net (loss) income directly attributable to each segment. The reportable segments are managed separately because of the unique characteristics and requirements of each business.

For the three months ended April 30,	Wholesale 2019 ($)	Wholesale 2018 ($)	Retail 2019 ($)	Retail 2018 ($)	Corporate 2019 ($)	Corporate 2018 ($)	Total 2019 ($)	Total 2018 ($)
Net Revenue	**1,792**	415	**4,776**	1,139	**28**	-	**6,596**	1,554
Cost of sales	**(1,066)**	(315)	**(3,179)**	(403)	**(1)**	-	**(4,246)**	(718)
Gross margin	**726**	100	**1,597**	736	**27**	-	**2,350**	836
Operating Expenses	**(953)**	(946)	**(3,117)**	(548)	**(2,863)**	(55)	**(6,933)**	(1,549)
Other Income (Expenses)	**(796)**	382	**364**	(65)	**1,696**	-	**1,264**	317
Net Income (loss)	**(1,023)**	(464)	**(1,156)**	123	**(1,140)**	(55)	**(3,319)**	(396)

For the six months ended April 30,	Wholesale 2019 ($)	Wholesale 2018 ($)	Retail 2019 ($)	Retail 2018 ($)	Corporate 2019 ($)	Corporate 2018 ($)	Total 2019 ($)	Total 2018 ($)
Net Revenue	**3,894**	2,188	**7,674**	2,288	**28**	-	**11,596**	4,476
Cost of sales	**(2,420)**	(1,114)	**(5,035)**	(890)	**(1)**	-	**(7,456)**	(2,004)
Gross margin	**1,474**	1,074	**2,639**	1,398	**27**	-	**4,140**	2,472
Operating Expenses	**(1,890)**	(1,392)	**(5,446)**	(1,020)	**(6,389)**	(55)	**(13,725)**	(2,467)
Other Income (Expenses)	**175**	40	**612**	(116)	**1,733**	-	**2,520**	(76)
Net Income (loss)	**(241)**	(278)	**(2,195)**	262	**(4,629)**	(55)	**(7,065)**	(71)

(Unaudited – In thousands of Canadian dollars, except share and per share amounts)

15. Related Party Transactions

As at April 30, 2019, the Company had the following transactions with related parties as defined in IAS 24 – *Related Party Disclosures*, except those pertaining to transactions with key management personnel in the ordinary course of their employment and/or directorship arrangements and transactions with the Company's shareholders in the form of various financing.

Financing transactions

As at April 30, 2019, the Company owed the non-controlling interest shareholder of KushBar Inc. $341.The loan carries no interest and is due on demand.

Included in the convertible debenture issued on December 12, 2018, was an investment by a related party, CannaIncome Fund Corporation, for a total subscription amount of $250.

Operational transactions

The Company paid $399 (2018 - $457), to 1990299 Alberta Ltd. ("199"), a company controlled by the President and CEO of the Company, for inventory purchases. 199 primarily facilitates the import of goods and sells these imported goods to the Company at 199's purchasing and transportaion costs, without markup. High Tide incorporated HT Global Imports and is currently in the process of transitioning the facilitation of its imports from 199 to HT Global Imports.

An office and warehouse unit has been developed by Grover Properties Inc., a company that is related through a common controlling shareholder and the President & CEO of the company. The office and warehouse space were leased to High Tide to accommodate the Company's operational expansion. High Tide is responsible for the related leasehold improvements, which amounted to $1,011 of costs incurred in November and December 2018. The lease was established by an independent real estate valuations services company at prevailing market rates and has annual lease payments totalling $386 per annum. The primary lease term is 5 years with two additional 5-year term extensions exercisable at the option of the Company. To facilitate the mortgage for the development of this unit, a loan guarantee of up to $1,500 has been provided by Smoker's Corner Ltd., a subsidary of High Tide Inc.

16. Commitments and Contingencies

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

As at	**April 30, 2019**	October 31, 2018
	$	$
Less than one year	**2,872**	2,336
Between one and five years	**11,987**	10,103
Greater than five years	**3,620**	2,532
	18,479	14,971

As at April 30, 2019 Canna Cabana has entered into contracts totalling $14,306. This includes leases for a total of 44 locations, including a warehouse in Regina, as well as construction and security contracts to complete the build out of the retail locations across Canada.

Included in the commitments schedule above, is the office and warehouse unit leased by High Tide for $386 per annum (Note 15).

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 plus interest and other costs. The Company has calculated a provision based on the amount claimed and the probability of the QB Claim being successful.

(Unaudited – In thousands of Canadian dollars, except share and per share amounts)

17. Loans Receivable

	April 30, 2019	October 31, 2018
	$	$
Term loans (i)	**1,190**	62
Demand loan	-	1,094
Demand loan written-off	-	(1,094)
Total loans receivable	**1,190**	62

(i) Term loans are due from franchisees and relate to acquisitions of the sub-lease location from the Company and initial inventory. Term loans are secured by promissory notes, bear interest between 6.95% and 8.00 % (2018 - ranging between 5.00 % and 7.00 %) per annum and require blended payments of principal and interest between $4 and $10 monthly. (2018 - ranging between $0.8 and $4 monthly). The Company maintains the head lease to all franchisee locations.

18. Subsequent Events

i) Subsequent to period end, the Board of Directors will seek approval from the shareholders at the Company's annual general meeting, through a special resolution, to reduce its stated capital, in accordance with Part V, paragraph 37 of the Business Corporations Act, and reduce its retained deficit by $29,699 (the "Reduction Amount"). The Reduction Amount was created by the increased value of the common shares issued on the corporate re-organization. Management feels that this increase in stated capital and reduction of accumulated earnings is not reflective of the nature or performance of the business which has operated profitably for many years as evident by the positive retained earnings prior to the accounting adjustments arising on the corporate reorganization. If the special resolution passes, High Tide will reflect the impact of the adjustment to the shareholders' equity section of the consolidated statement of financial position during fiscal 2019. For illustrative purposes, based on April 30, 2019 balances, the resolution, if it was passed during the period, would have had the following impact on the shareholder's equity section:

Shareholders' equity	Pre-Resolution	Reduction of stated capital	Post-Resolution
	$	$	$
Share capital	54,049	(29,699)	24,350
Contributed surplus	1,822	-	1,822
Convertible debentures – equity	843	-	843
Warrants	5,156	-	5,156
Accumulated deficit	(37,553)	29,699	(7,854)
Cumulative Translation Adjustment	(36)	-	(36)
Equity attributable to owners of the Company	**24,281**	-	**24,281**

(ii) On May 3, 2019 High Tide settled debt by issuing 1,632,358 common shares to the service providers for total proceeds of $740.

(iii) On May 21, 2019 High Tide acquired Dreamweavers Cannabis Products Inc., a retail cannabis store and e-commerce business currently operating in Swift Current, Saskatchewan. The consideration paid to close the acquisition was $1,550 in cash and 3,100,000 of the special warrants.

(iv) the company has authorized the issuance of 96,000 common shares to a group of executive search vendors for the performance of recruitment services as well as 318,878 common shares to a vendor as consideration for a development permit for a retail cannabis store in Alberta.

(v) On June 17, 2019 High Tide closed the final tranche of the sale of the convertible debentures issued and announced on April 10, 2019. Gross proceeds from the final tranche were $3,200. The $3,200 are convertible into common shares at the conversion price of $0.75 cents per share. High Tide also issued common share purchase warrants, such that each subscriber received one Warrant for each $0.75 cents original principal amount of the debenture, resulting in 4,266,667 warrants being issued. Each warrant entitles the holder to acquire one share at an exercise price of $0.85 cents per share for two years from the date of issuance.

Management's Discussion & Analysis

For the three and six months ended April 30, 2019 and 2018

Dated as at June 26, 2019

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1.0 Preface

1.1 Overview

This Management's Discussion and Analysis ("MD&A") of the results of operations and of the unaudited consolidated financial position of High Tide Inc., ("High Tide" or the "Company") is for the three and six months ended April 30, 2019 and 2018, and should be read in conjunction with the audited consolidated financial statements of the Company for the year ended October 31, 2018 (hereafter the "Financial Statements"), with International Accounting Standard ("IAS") 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board ("IASB").

In this document, the terms "we", "us", and "our" refer to High Tide. High Tide is the parent company to the wholly owned subsidiaries of RGR Canada Inc. ("RGR"), Smoker's Corner Ltd. ("Smoker's Corner"), Famous Brandz Inc. ("Famous Brandz"), Canna Cabana Inc. and Canna Cabana (SK) Inc. (collectively "Canna Cabana"), Kush West Distribution Inc. ("Kush West"), High Tide Inc., B.V., SJV USA Inc., SJV B.V. and SJV2 B.V. (collectively "Grasscity"), HT Global Imports Inc. ("HT Global Imports"), and 50.1% of KushBar Inc. ("KushBar"). This document also refers to the Company's three reportable operating segments: the "Retail" segment, the "Wholesale" segment and the "Corporate" segment.

High Tide is a vertically integrated manufacturer, distributor, seller of smoking accessories and a downstream-focused retailer of cannabis products. The Company's shares are listed on the Canadian Stock Exchange ("CSE") under the symbol "HITI", the Frankfurt Stock Exchange ("FSE") under the securities identification code 'WKN: A2PBPS' and the ticker symbol "2LY", and on the OTCQB Market ("OTCQB") under the symbol "HITIF". The address of the Company's corporate and registered office is # 120 – 4954 Richard Road SW, Calgary, Alberta T3E 6L1.

Additional information about the Company, including the October 31, 2018, audited consolidated financial statements, news releases and the Company's long form prospectus can be accessed at www.sedar.com and at www.hightideinc.com.

1.2 Metrics

System Wide Sales is a non-GAAP financial measure. Non-GAAP measures are not defined under the International Financial Reporting Standards (defined as ("IFRS") as issued by the IASB) and therefore may not be comparable to similarly titled measures reported by other issuers. Accordingly, System Wide Sales are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

System Wide Sales is defined as the sum of the external merchandise sales made by all of High Tide's divisions (RGR, Famous Brandz, Kush West, Smoker's Corner, Canna Cabana, Grasscity, and KushBar) and includes sales by both corporate, franchise and partnered retail locations. Sales are inclusive of returns, allowances and discounts; sales exclude other revenue sources including rent revenue, royalties, interest and freight. Management believes this measure is useful in evaluating growth and performance across High Tide's businesses and in evaluating the financial and operational performance of the Company.

1.3 Forward-looking information and statements

Certain statements contained within this 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, without limitation, to 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 under Section 10: "Financial Instruments and Risk Management" in 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.

2.0 Accounting Framework

Financial data disclosed in this MD&A has been prepared in accordance with IAS 34 *Interim Financial Reporting* as issued by the IASB. The Financial Statements and MD&A have been prepared on a historical cost basis except for financial instruments which are measured at fair value. Accordingly, the financial information contained herein have been prepared on the basis of accounting policies applicable to a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

These Financial Statements are presented in Canadian dollars ("$"), which is the Company's and its subsidiaries functional currency, except for the newly acquired Grasscity subsidiary, which uses the Euro ("€") as its functional currency.

3.0 Corporate Overview

3.1 Nature of operations

The operations of RGR are primarily focused on the manufacturing and distribution of smoking accessories. RGR creates its own proprietary brands of smoking accessories. RGR's operations are focused on designing products featuring its proprietary brands, overseeing manufacturing by third parties and distributing products. RGR does not sell its products directly to consumers but operates an e-commerce platform for wholesale customers.

Similar to RGR, the operations of Famous Brandz are primarily focused on the manufacturing and distribution of smoking accessories. Famous Brandz differentiates itself by focusing on licensed brands, designing products featuring licensed brands, as well as overseeing manufacturing by third parties and distributing products. Famous Brandz has developed an extensive network of wholesale clients across Canada, the United States and Europe. It also sells directly to consumers through its own e-commerce platform.

The Company's existing and intended future retail operations are focused on business-to-consumer markets, while existing and intended future wholesale operations are focused on business-to-business markets. The operations of RGR and Famous Brandz relate to the wholesale of smoking accessories, and the operations of Smoker's Corner relate to the retail of smoking accessories. The operations of Canna Cabana are focused on the retail of cannabis products and smoking accessories. The Company intends that the operations of KushBar will be focused on the retail of cannabis products and smoking accessories, and that the operations of Kush West will be focused on the wholesale of cannabis products in the province of Saskatchewan.

Grasscity has been operating for 20 years as an online retailer of smoking accessories and has significant brand equity and recognition in the United States. Its addition is complementary as High Tide can use its sourcing and distribution channels to support Grasscity while Grasscity brings a recognizable name and an established online sales channel to High Tide.

3.2 Competitive landscape

As of the date of this MD&A, the Company operates six corporately owned retail locations under the Smoker's Corner brand across Alberta. The Company is currently represented by eight franchised Smoker's Corner locations operating across Alberta, British Columbia, and Nova Scotia. The Company operates fifteen corporately owned retail Canna Cabana locations, nine of which are licensed for the sale of cannabis and have begun the sale of cannabis products. Furthermore, Canna Cabana is currently represented by one franchisee store and three branded locations of which three are licensed for the sale of cannabis and have begun the sale of cannabis products in Toronto, Hamilton, and Sudbury. The remaining Canna Cabana locations in Alberta have been fully inspected and approved by the AGLC and are waiting for the AGLC to release additional licenses for the sale of cannabis. These remaining locations are selling smoking accessories until they receive proper licencing for the sale of cannabis.

Smoker's Corner competitors 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.

Canna Cabana and KushBar were established to sell recreational cannabis products following the legalization of cannabis for adult use across Canada on October 17, 2018. Canna Cabana operates amongst a variety of competitors, both consolidated and independent. Notable competitors include 420 Premium Market, Choom, Fire and Flower, NewLeaf Cannabis, Nova Cannabis, Spirit Leaf and YSS, as well as numerous independent retailers. KushBar is not yet operational but will face similar competition to Canna Cabana when its stores open.

Most of the competitors within the Wholesale segment operate as product distributors, while the Company designs, directly sources, imports, and distributes its products. This creates advantages through vertical integration which include favorable product designs and prices.

The Federal government has announced that the sale of 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 that its Retail segment will experience increased competition from the recreational cannabis industry with a greater number of third-party stores offering cannabis products along with smoking accessories. The Company believes that its product knowledge, operating advantages and margin maximization achieved through vertical integration will allow it to operate profitably over the long term. In addition, the Company expects opportunities to arise from the legalization of recreational cannabis for its Wholesale segment to acquire new customers, thereby offsetting some of the risks associated with increased competition affecting the Retail segment.

(In thousands of Canadian dollars, except share and per share amounts or otherwise stated)

4.0 Operating Performance *(Unaudited)*

$ Millions (except where noted)	Six months ended April 30 2019	2018
	$	$
System Wide Sales	**13.4**	5.8
Merchandie sales (excluding franchisee revenues)	**11.2**	3.9
Gross Margin	**4.1**	2.5
Gross Margin Percentage	**36%**	55%
Total Expenses	**(13.7)**	(2.4)
Loss Before Taxes	**(9.5)**	-
Net Loss for the Period	**(7.1)**	(0.7)
Loss Per Share (Basic)	**(0.04)**	(0.00)
Loss Per Share (Diluted)	**(0.04)**	(0.00)

During the six months period ended April 30, 2019, the Company raised additional capital of $19.5 million through the sale of convertible debentures, which allowed it to close its acquisition of Grasscity, and to continue with the development of Canna Cabana's retail network. During the period the Company operated seven Canna Cabana locations (thirteen are in operation as of the date of this MD&A). The operations of Canna Cabana and the acquisition of Grasscity supported the achievement of significant sales and revenue growth in the period.

The Company reported a loss of $7.1 million during the period attributable to expenses incurred to expand its business inclusive of salaries, personnel and performance expenses for staff; rent and operating costs associated with its expanded retail network and transaction and compliance costs incurred to operate publicly, raise capital and acquire Grasscity.

4.1 Consolidated results of operations in detail

Revenue

During the six months period ended April 30, 2019, High Tide achieved a System Wide Sales increase of $7.6 million with $5.8 million being driven by its retail segment. The increase in sales was driven primarily by the acquisition of Grasscity, the operations of Canna Cabana which began selling cannabis products and smoking accessories on October 27, 2018, and by new customer acquisitions in High Tide's Wholesale segment.

The sales growth (excluding franchisee revenues) led to increases in revenues of $7.3 million between all the segments.

The Company has been acquiring new customers and positioning itself to be a key accessories supplier in the cannabis industry for 2019. In 2018, the Company entered into supply agreements with the Ontario Cannabis Store ("OCS") and received a large purchase order from Aurora Cannabis Inc. which was fulfilled in the current period.

Gross Margin

For the six months ended April 30, 2019, gross margin increased by $1.7 million as compared to the same period during the prior year, driven by the increase in sales volume, while the gross margin rate declined from 55.2% to 35.7%. The decrease in gross margin rate is largely attributable to changes in the sales mix and strategy, with cannabis products driving growth at lower margins than accessories, and with discounting applied to smoking accessories to support a differentiated cannabis retail experience as well as to drive traffic to Smoker's Corner and Canna Cabana locations.

Expenses

(In thousands of Canadian dollars, except share and per share amounts or otherwise stated)

Total expenses increased by $11.3 million for the six months period ending April 30, 2019, compared to the same period during the prior year. The increase was an expected by-product of the Company's growth efforts and expansion, which was to take advantage of the significant market opportunities created as a result of the deregulation of adult use cannabis across Canada, which officially occurred on October 17, 2018, with the introduction of Bill C-45. A large increase in costs was related to salaries, wages and benefits expenses, which increased by $3.3 million compared to the prior year with an additional $1.8 million being incurred for share-based compensation.

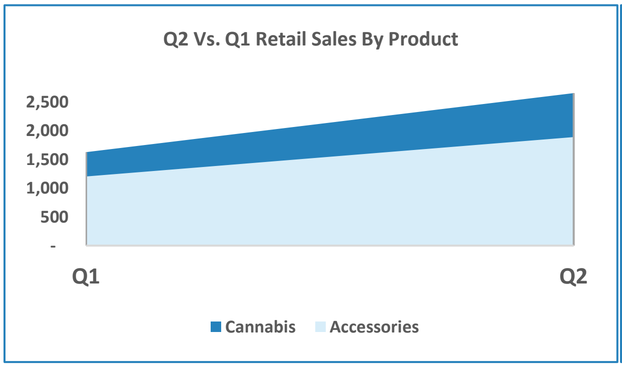
The increase in staffing was due to the need for additional personnel, within both the Retail and the Corporate segments. This was required to facilitate growth and to ensure that the Company can take full advantage of various market opportunities. General and administrative expenses increased by $2.2 million compared to the same period in 2018, which was also expected as a result of the expansion. Additionally, there was an increase in professional fees of $2.1 million during the period ended April 30, 2019, compared to the same period in the prior year attributed to costs incurred for compliance reporting, the implementation of Sage X3 to support finance and operations, and professional fees associated with capital raises and the acquisition of Grasscity. All other expenses excluding tax and other comprehensive items increased by $1.9 million during the period, as compared to the same period in the prior year. The increase in these costs was driven by increased product marketing activity and interest expenses on the convertible debentures.

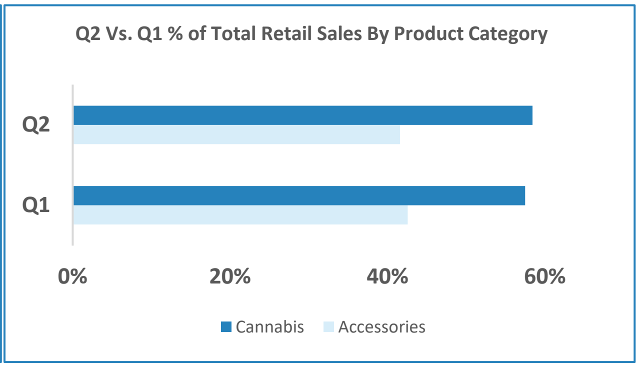
5.0 Segment Operations

For the six months ended April 30,

	Wholesale		**Retail**		**Corporate**		**Total**	
$ Millions	**2019 ($)**	2018 ($)	**2019 ($)**	2018 ($)	**2019 ($)**	2018 ($)	**2019 ($)**	2018 ($)
Revenue	**3.89**	2.19	**7.67**	2.29	**0.03**	0.00	**11.59**	4.48
Cost of sales	**(2.32)**	(1.11)	**(5.13)**	(0.89)	**(0.00)**	0.00	**(7.45)**	(2.00)
Gross margin	**1.57**	1.08	**2.54**	1.40	**0.03**	0.00	**4.14**	2.48
Gross margin rate	**40%**	49%	**33%**	61%	**98%**	-	**36%**	55%
Operating Expenses	**(1.89)**	(1.39)	**(5.45)**	(1.01)	**(6.38)**	(0.06)	**(13.73)**	(2.46)
Other Income/(Expenses)	**0.18**	0.03	**0.61**	(0.12)	**1.73**	0.00	**2.52**	(0.09)
Net Income/(loss)	**(0.14)**	(0.28)	**(2.30)**	0.27	**(4.62)**	(0.06)	**(7.07)**	(0.07)

5.1 Retail segment performance





The Company's Retail segment demonstrated significant sales and revenue growth year-over-year with revenue up $5.4 million compared to the same period last year. Revenue growth is primarily attributable to Canna Cabana, which became operational and began selling recreational cannabis products in the period, along with the Grasscity acquisition that was closed in December of 2018.

Canna Cabana operated seven retail stores in the period, the first having opened on October 27, 2018, and the remaining six opening during the three-month period. Canna Cabana experienced strong product demand in line with expectations and consistent retail margins with cannabis sales in the industry.

Grasscity was acquired by High Tide on December 19, 2018 and contributed sales of $2 million in the period. Grasscity is an online retailer selling smoking accessories primarily to customers in the USA and Europe. High Tide is investing in Grasscity to renew its online sales platform, increase its searchability and align its supply chain with RGR and Famous Brandz. Grasscity is a strong strategic fit with advantages in branding and its online platform, while also enabling the Company to leverage its vertical integration to improve customer reach and product profitability.

Smoker's Corner sales declined in the period compared to last year due to the closure of five corporate stores and three franchise stores. Four of the closed locations are in being converted into Canna Cabana locations. High Tide expects to recapture and expand upon lost revenues under Canna Cabana.

Smoker's Corner franchisees generate four distinct revenue sources for High Tide:

- Variable sales royalties
- Variable brand royalties
- Financing revenues on asset purchases
- Fixed royalties for a defined term associated with the purchase of their location.

Sales and brand royalties continue to perform relative to the number of active franchise locations, however, royalty revenue overall declined to $0.1 million in the six-month ended period (from $0.2 million in the same period in the prior year). Terms on financing revenues and fixed royalties have fully matured on eight of the initial ten franchisees, which has resulted in those revenues no longer being collected.

Gross margin dollars for the six-month ended April 2019 increased by $1.2 million in the period while gross margin rate declined to 34% as compared to the same period in the prior year. The decline in gross margin rate is due, in combination, to the sales mix of Canna Cabana that earns a lower blended margin than purely from the sale of smoking accessories and to a decline in financing and fixed royalty revenues. Going forward, High Tide expects cannabis sales to become an increasingly large portion of the sales mix which is expected to result in lower blended margins but a higher nominal dollar amount.

Expenses increased significantly in the period related to the operations of Canna Cabana and Grasscity. For the six months ended April 30, 2019, the Retail segment incurred a loss of $2.2 million. Losses are expected to minimize as licenses for the sale of cannabis are granted by respective governing bodies for additional Canna Cabana and KushBar locations.

5.2 Wholesale segment performance

The Company's Wholesale segment revenues increased from $2.2 million in the six months ended April 30, 2018 to $3.9 million in the same period in 2019 driven by the acquisition of new customers created by the cannabis industry. High Tide's Wholesale segment has positioned itself as a key supplier to a number of retail cannabis competitors that have entered the marketplace since October 17, 2018.

Gross margins dollars decreased by $0.4 million, while the rate decreased from 49% to 38% owing primarily to the timing of royalty recognition and inventory provisions in Famous Brandz in the prior year.

Expenses in the Wholesale segment increased due to additional investments being made in staffing to hire product developers, marketing professionals, and digital marketing specialists. The additional staff were hired to expand product mix, to ensure High Tide remains competitive and to further develop various proprietary brands.

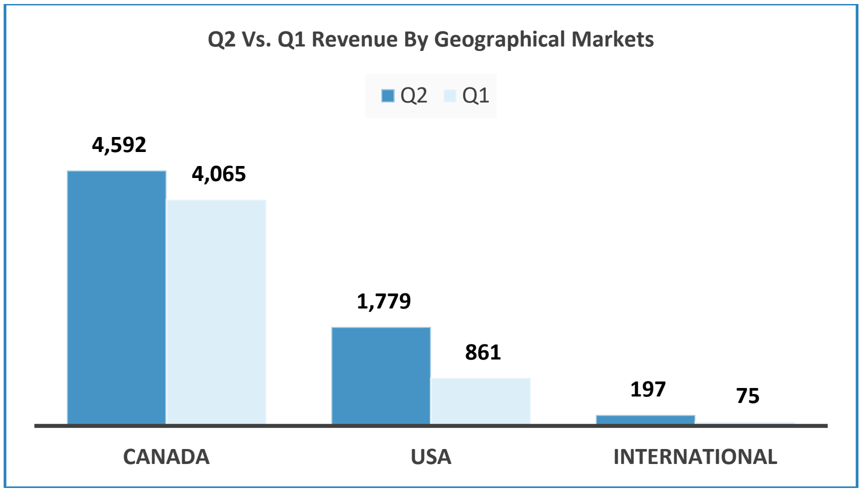
The Wholesale segment incurred a loss of $0.2 million compared to income of $0.3 million in the prior year due to the increase in staff and timing on prior year royalty recognition and inventory provisions.

5.3 Corporate segment performance

The Corporate segment earned revenues in the six months ended April 30, 2019 (no revenue earned in the same period in the prior year). Revenue of $28 was made up of royalty fees and interest revenues. This segment's main function is to administer the other two segments (Wholesale and Retail) and is responsible for the executive management and financing needs of the business.

(In thousands of Canadian dollars, except share and per share amounts or otherwise stated)

5.4 Geographical segments



The following presents information related to the Company's geographical segments:

For the three months ended April 30,

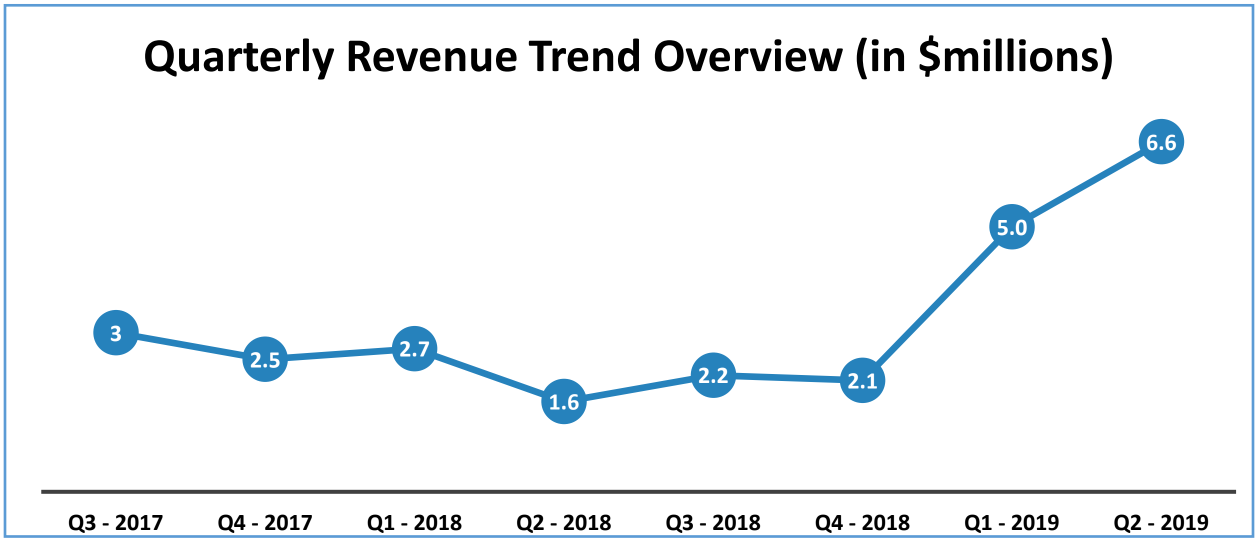
	Corporate	Retail	Wholesale	Total
	$	$	$	$
Primary geographical markets				
Canada	28	3,535	1,057	4,620
USA	-	1,093	686	1,779
International	-	147	50	197
Total revenue	**28**	**4,775**	**1,793**	**6,596**

For the six months ended April 30,

	Corporate	Retail	Wholesale	Total
	$	$	$	$
Primary geographical markets				
Canada	28	5,790	2,867	8,685
USA	-	1,705	935	2,640
International	-	179	92	271
Total revenue	**28**	**7,674**	**3,894**	**11,596**

Sales performance increased significantly in all segments, with Canna Cabana lifting Canadian sales and Grasscity contributing to US sales and International sales. Grasscity's operations are located in Amsterdam, Netherlands, leading to the addition of an International geographical segment. Revenues in this segment are comprised of sales made to all countries outside of North America. Famous Brandz maintains a third-party service agreement for the storage of inventory and fulfillment of sales in Long Beach, California.

5.5 Summary of quarterly results



(C$ in millions, except per share amounts)	**Q2 2019**	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017
Net Revenue	**6.6**	5.0	2.1	2.2	1.6	2.7	2.5	3.0
Income (Loss) Before OCI	**(3.3)**	(3.8)	(3.8)	(0.6)	(0.4)	0.3	0.3	(0.6)
Basic EPS	**(0.02)**	(0.02)	(0.05)	-	-	0.01	-	0.04
Diluted EPS	**(0.02)**	(0.02)	(0.05)	-	-	0.01	-	0.04

Aside from the seasonal increase in consumer spending leading up to and slightly after the winter holiday period, which occurs in the first quarter of the Company's fiscal year, seasonality is not a significant factor in the Company's sales performance. In the second quarter of 2018, expenses increased as the Company began to expand its Canna Cabana business as well as initiating the listing process of High Tide on the Canadian Securities Exchange, a process which continued through the third and fourth quarters of fiscal 2018. In the first and second quarters of 2019, revenues increased as the Company began operating Canna Cabana stores and selling recreational cannabis, as well as from integrating its acquisition of Grasscity. These two business lines have no prior comparisons in quarterly performance.

6.0 Financial Position

As at April 30, 2019, the Company had a working capital surplus of $16,161 (October 31, 2018 - $14,920). The change is mainly due to the increase in liabilities from the financing of expanded operations as the Company opened Canna Cabana stores and acquired Grasscity.

For the six months ended April 30, 2019, the Company generated a loss of $7,065 (2018 – income of $395) and had net operating cash outflows of $7,067 (2018 – 10,553). The negative income and cashflows are primarily driven by costs incurred to incorporate and finance the new High Tide and Canna Cabana entities (not operating during this period in the prior year) as well as to close the acquisition of Grasscity. This resulted in the hiring of new staff for both administration as well as retail operations, along with professional fees and increased rent.

(In thousands of Canadian dollars, except share and per share amounts or otherwise stated)

6.1 Intangible assets

	Software	Lease buy-out	Brand Name	Total
Cost	$	$	$	**$**
Balance, October 31, 2017	-	-	-	-
Additions	159	777	-	936
Balance, October 31, 2018	159	777	-	936
Additions (i)	476	1,624	1,803	3,903
Balance, April 30, 2019	**635**	**2,401**	**1,803**	**4,839**
Accumulated depreciation				
Balance, October 31, 2017	-	-	-	-
Charge for the period	2	-	-	**2**
Balance, October 31, 2018	2	-	-	2
Charge for the period	11	7	162	180
Balance, April 30, 2019	**13**	**7**	**162**	**182**
Net book value				
Balance at October 31, 2017	-	-	-	-
Balance at October 31, 2018	161	777	-	938
Balance at April 30, 2019	**622**	**2,394**	**1,641**	**4,657**

(i) Brand name intangible additions of $1,539 were acquired as part of the acquisition of Grasscity that occurred on December 6, 2018.

Six of the thirteen lease buy-out additions have started to get amortized as they were available for use during the period. In line with the requirements of IFRS, the Company carried out an impairment test of its definite life intangible assets that were not available for use. Management has determined that the recoverable amount exceeds the carrying value of these intangible assets. Accordingly, no impairment has been recorded.

(In thousands of Canadian dollars, except share and per share amounts or otherwise stated)

6.2 Share capital

Issued:

	Number of options	Amount
	#	$
Balance, October 31, 2017	**18,400,200**	**668**
Issued for cash	11,113,817	445
Issued on debt conversion	20,486,183	852
Issued for services rendered	3,500,000	146
Issued on conversion of convertible debentures	5,017,012	669
Issued on incorporation of High Tide Inc.	2,760,000	20
Issued to acquire common shares of RGR	6,128,304	1,196
Issued to acquire preferred shares of RGR	45,128,840	8,804
Issued to acquire common shares of Smoker's	6,024,250	1,175
Issued to acquire preferred shares of Smoker's	50,358,600	9,825
Issued to acquire common shares of Famous Brandz	30,324,120	10,987
Eliminated upon reorganization	(58,517,212)	(2,779)
Issued for cash on private placement	10,225,800	3,704
Share issue costs – broker warrants	-	(158)
Share issue cost – cash	-	(263)
Tax effect on share issue costs	-	114
Issued upon asset acquisition	800,000	290
Balance, October 31, 2018	**151,749,914**	**35,695**
Issued upon listing of securities (i)	36,728,474	13,051
Issued upon closing of Grasscity acquisition	8,410,070	4,205
Issued to pay fee in shares	800,000	400
Issued to pay finders fee	11,530	5
Issued to pay interest via shares	1,753,008	836
Share issue cost	-	(143)
Balance, April 30, 2019	**199,452,996**	**54,049**

(i) On November 20, 2018, the Company filed its final prospectus in connection with its proposed public offering. The final prospectus qualified, and the Company distributed, 36,728,474 common shares and 18,364,236 common share purchase warrants.

(a) Transaction Costs

During the quarter, the Company incurred costs totalling $143 (April 30, 2018 - $8) associated with becoming a listed entity on the Canadian Securities Exchange which were expensed as transaction costs.

(In thousands of Canadian dollars, except share and per share amounts or otherwise stated)

6.3 Special warrants

	Number of special warrants	Amount
	#	$
Balance, October 31, 2017	-	-
Special warrants issued August 22, 2018	17,911,459	8,956
Issue costs – Cash	-	(582)
Issue costs – Broker warrants	-	(247)
Issue costs – Legal fees	-	(178)
Special warrants issued October 2, 2018	18,817,015	9,409
Issue costs – Cash	-	(612)
Issue costs – Broker warrants	-	(259)
Issue costs – Legal fees	-	(123)
Tax effect on share issue costs	-	540
Balance, October 31, 2018	**36,728,474**	16,904
Special warrants converted into units* November 27, 2018	**(36,728,724)**	(16,904)
Balance, April 30, 2019	**-**	**-**

* Each unit comprised of 1 share and ½ purchase warrant, with each full warrant exercisable to acquire one common share at $0.75.

6.4 Warrants

	Note	Number of warrants	Amount	Weighted average price	Weighted average number of years to expiry
		#	$	$	
Balance, October 31, 2017		-	-	-	-
Issued in exchange for Famous Brandz's warrants		1,194,590	242	0.4975	1.00
Issued to brokers for private placement		670,680	158	0.3623	1.00
Issued to brokers for special warrant financing		1,164,245	246	0.3246	1.30
Issued to brokers for special warrant financing		1,223,105	259	0.3246	1.40
Balance, October 31, 2018		**4,252,620**	**905**	**0.3773**	**1.18**
Special warrants converted into units November 27, 2018	*10*	18,364,236	3,853	0.7500	1.60
Issued warrants on Convertibile debt April 18, 2019		11,146,667	398	0.8500	2.00
Balance, April 30, 2019		**33,763,523**	**5,156**	**0.5182**	**1.38**

6.5 Stock option plan:

The Company's stock option plan limits the number of common shares reserved under the plan from exceeding a "rolling maximum" of ten (10%) percent of the Company's issued and outstanding common shares from time to time. The stock options vest at the discretion of the Board of Directors, upon grant to directors, officers, employees and consultants of the Company and its subsidiaries. The maximum exercise period of an option shall not exceed 10 years from the grant date. Changes in the number of stock options, with their weighted average exercise prices, are summarized below:

	Six months ended April 30, 2019		Year ended October 31, 2018	
	Number of options	Weighted Average Exercise Price ($)	Number of options	Weighted Average Exercise Price ($)
Balance, beginning of period	-	0.50	-	-
Granted	11,410,000	0.50	-	-
Forfeited	(375,000)	0.50	-	-
Balance, end of period	11,035,000	0.50	-	-

(In thousands of Canadian dollars, except share and per share amounts or otherwise stated)

Exercisable, end of period	9,370,007	0.50	-	-

7.0 Commitments

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

As at	April 30, 2019	October 31, 2018
	$	$
Less than one year	2,872	2,336
Between one and five years	11,987	10,103
Greater than five years	3,620	2,532
	18,479	14,971

As at April 30, 2019 Canna Cabana has entered into contracts totalling $14,306. This includes lease for a total of 44 locations, including a warehouse in Regina, as well as construction and security contracts to complete the build out of the retail locations across Canada.

8.0 Transactions Between Related Parties

8.1 Financing transactions

As at April 30, 2019, the Company owed the non-controlling interest shareholder of KushBar $341. The loan carries no interest and is due on demand.

Included in the convertible debenture close on December 12, 2019, was an investment by related party, CannaIncome Fund Corporation, for a total subscription amount of $250.

8.2 Operational transactions

The Company paid $399 (2018 - $457), to 1990299 Alberta Ltd. ("199"), a company controlled by the President and CEO of the Company, for inventory purchases. 199 primarily facilitates the import of goods and transfers these imported goods to the Company at the cost paid by 199 which is fair value., High Tide incorporated HT Global Imports and is currently in the process of transitioning the facilitation of its imports from 199 to HT Global Imports.

An office and warehouse unit has been developed by Grover Properties Inc., a company that is related through a common controlling shareholder and the CEO of the Company. The office and warehouse space were leased to High Tide to accommodate the Company's operational expansion. High Tide is responsible for the related leasehold improvements, which amounted to $1,011 of costs incurred in November and December 2018. The lease was established by an independent real estate valuations services company at prevailing market rates and has annual lease payments totalling $386 per annum. The primary lease term is 5 years with two additional 5-year term extensions at the option of the Company. 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.

9.0 Changes in Accounting Policies Including Initial Adoption

9.1 Changes in accounting standards not yet adopted

In January 2016, the IASB issued IFRS 16 – Leases ("IFRS 16"), which requires lessees to recognize all leases on the statement of Financial Position. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with earlier application permitted. The Company will adopt IFRS 16 on November 1, 2019. The Company is currently evaluating the impact of the above standard on its Financial Statements.

(In thousands of Canadian dollars, except share and per share amounts or otherwise stated)

10.0 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.

A full analysis is provided in Note 20 of the audited consolidated financial statements with significant updates as follows:

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, marketable securities and loans receivable. The credit risk relating to cash and cash equivalents and marketable securities balances is limited because the counterparties are large commercial bank. 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 credit exposure is minimized by entering into transactions with creditworthy counterparties and monitoring the age and balances outstanding on an ongoing basis. 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	**April 30, 2019**	October 31, 2018
	$	$
Current (for less than 30 days)	**452**	343
31 – 60 days	**137**	233
61 – 90 days	**103**	73
Greater than 90 days	**710**	334
Allowance for doubtful accounts	**(140)**	(128)
	1,262	855

During the period ended April 30, 2019, $22 in trade receivables were written off due to bad debts (year ended October 31, 2018 – $396). 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.

The Company performs a regular assessment of collectability of accounts receivables. The Company monitors the financial performance and/or cash flows of its Franchisees through observation of their point of sale system, receipt of cash from customers and maintains regular contact/discussions. The Company continues to receive payments from the Franchisees, and has assessed their amounts to be collectible, however a significant portion of the accounts will take more than one year to collect. Accordingly, management has classified them as long term. In fiscal 2018, the Company reviewed the expected payment schedule and discounted it using an average Franchisee credit adjusted rate of 11% resulting in the receivables being discounted by $474. For the period ended April 30, 2019, management reviewed the estimates with no significant changes. Accordingly, a recovery of $82 was recognized for the six months ended April 30, 2019, representing time value accretion on the discount, which has been recorded in the statement of loss and comprehensive loss. The Company continues to receive payments from the Franchisees. Further, the Company holds security over its Franchisees by way of holding the head lease to their operations and having the right to assume control of the Franchisee location and any operations governed by the applicable Franchise Agreement.

(In thousands of Canadian dollars, except share and per share amounts or otherwise stated)

11.0 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 equity financings to provide sufficient liquidity to meet budgeted operating requirements and to supply capital to expand its operations. The Company has sufficient working capital to meet obligations as they come due. Maturities of the Company's financial liabilities are as follows:

	Contractual cash flows	Less than one year	1-5 years	Greater than 5 years
	$	$	$	$
October 31, 2018				
Accounts payable and accrued liabilities	2,515	2,515	-	-
Shareholder loans	36	36	-	-
Finance lease obligation	23	6	17	-
Total	2,574	2,557	17	-
April 30, 2019				
Accounts payable and accrued liabilities	4,356	4,356	-	-
Shareholder loans	331	331	-	-
Finance lease obligation	20	6	14	-
Total	4,707	4,693	14	-

11.1 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, 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 the dates presented were as follows:

(Canadian dollar equivalent amounts of US dollar and Euro balances)	April 30, 2019 (Euro)	April 30, 2019 (USD)	**April 30, 2019 Total**	October 31, 2018
	$	$	**$**	$
Cash	136	202	**338**	90
Accounts receivable (including long term portion)	50	439	**488**	522
Accounts payable and accrued liabilities	(766)	(599)	**(1,365)**	(218)
Net monetary assets	(580)	42	**(539)**	394

Assuming all other variables remain constant, a fluctuation of +/- 5.0 percent in the exchange rate between the United States dollar and the Canadian dollar would impact the carrying value of the net monetary assets by approximately $2 (October 31, 2018 - $20). Maintaining constant variables, a fluctuation of +/- 5.0 percent in the exchange rate between the Euro and the Canadian dollar would impact the carrying value of the net monetary assets by approximately $29 (October 31, 2018 - $Nil). To date, the Company has not entered into financial derivative contracts to manage exposure to fluctuations in foreign exchange rates. The Company had no balances denominated in Euros as at October 31, 2018.

(In thousands of Canadian dollars, except share and per share amounts or otherwise stated)

12.0 Subsequent Events

(i) Subsequent to period end, the Board of Directors will seek approval from the shareholders at the Company's Annual General Meeting, through a special resolution, to reduce its stated capital, in accordance with Part V, paragraph 37 of the Business Corporations Act, and reduce its retained deficit by $29,699 (the "Reduction Amount"). The Reduction Amount was created by the increased value of the common shares issued on the corporate re-organization. Management feels that this increase in stated capital and reduction of accumulated earnings is not reflective of the nature or performance of the business which has operated profitably for many years as evident by the positive retained earnings prior to the accounting adjustments arising on the corporate reorganization. If the special resolution is passed, High Tide will reflect the impact of the adjustment to the shareholders' equity section of the consolidated statement of financial position during fiscal 2019. For illustrative purposes, based on April 30, 2019 balances, the resolution, if it was passed during the period, would have had the following impact on the shareholder's equity section:

Shareholders' equity	Pre-Resolution	Reduction of stated capital	Post-Resolution
	$	$	$
Share capital	54,049	(29,699)	24,350
Contributed surplus	1,822	-	1,822
Convertible debentures – equity	843	-	843
Warrants	5,156	-	5,156
Accumulated deficit	(37,553)	29,699	(7,854)
Cumulative Translation Adjustment	(36)	-	(36)
Equity attributable to owners of the Company	24,281	-	24,281

(ii) On May 3, 2019 High Tide settled debt by issuing 1,632,358 common shares to the service providers for total proceeds of $740.

(iii) On May 21, 2019 High Tide acquired Dreamweavers Cannabis Products Inc., a retail cannabis store and e-commerce business currently operating in Swift Current, Saskatchewan. The consideration paid to close the acquisition was $1,550 in cash and 3,100,000 of the special warrants.

(iv) The company has authorized the issuance of 96,000 common shares to a group of executive search vendors for the performance of recruitment services as well as 318,878 common shares to a vendor as consideration for a development permit for a retail cannabis store in Alberta.

(v) On June 17, 2019, High Tide closed the final tranche of the sale of the convertible debentures issued and announced on April 10, 2019. Gross proceeds from the final tranche were $3,200. The $3,200 are convertible into common shares at the conversion price of $0.75 cents per share. High Tide also issued common share purchase warrants, such that each subscriber received one Warrant for each $0.75 cents original principal amount of the debenture, resulting in 4,266,667 warrants being issued. Each warrant entitles the holder to acquire one share at an exercise price of $0.85 cents per share for two years from the date of issuance.

(vi) On June 20, 2019, the Company authorized the issuance of 200,000 common shares in aggregate to certain members of senior management, assessed and awarded as a merit-based bonus at the discretion of the board of directors. The Company also authorized the issuance of 138,887 in aggregate to the independent member of the board of directors as compensation for services rendered.

Form 52-109FV2
Certification of Interim Filings
Venture Issuer Basic Certificate

I, ***Harkirat Singh Grover, Chief Executive Officer, High Tide Inc.***, certify the following:

1. ***Review:*** I have reviewed the interim financial report and interim MD&A (together, the "interim filings") of ***High Tide Inc.*** (the "issuer") for the interim period ended ***April 30, 2019***.

2. ***No misrepresentations:*** Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings.

3. ***Fair presentation:*** Based on my knowledge, having exercised reasonable diligence, the interim financial report together with the other financial information included in the interim filings fairly present in all material respects the financial condition, financial performance and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.

Date: ***June 27, 2019***

"Harkirat Singh Grover"
Harkirat Singh Grover
Chief Executive Officer

NOTE TO READER

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* (NI 52-109), this Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in NI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of

i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Form 52-109FV2
Certification of Interim Filings
Venture Issuer Basic Certificate

I, ***Rahim Kanji, Chief Financial Officer, High Tide Inc.***, certify the following:

1. ***Review:*** I have reviewed the interim financial report and interim MD&A (together, the "interim filings") of ***High Tide Inc.*** (the "issuer") for the interim period ended ***April 30, 2019***.

2. ***No misrepresentations:*** Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings.

3. ***Fair presentation:*** Based on my knowledge, having exercised reasonable diligence, the interim financial report together with the other financial information included in the interim filings fairly present in all material respects the financial condition, financial performance and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.

Date: ***June 27, 2019***

"Rahim Kanji"
Rahim Kanji
Chief Financial Officer

NOTE TO READER

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* (NI 52-109), this Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in NI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of

i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.