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High Tide Reports Second Quarter 2020 Financial Results

Becomes the first Canadian cannabis retailer in its peer group to report positive adjusted EBITDA of \$1.9M

Calgary, AB, June 17, 2020 / CNW / – High Tide Inc. (“High Tide” or the “Company”) (CSE:HITI) (OTCQB:HITIF) (FRA:2LY), a retail-focused cannabis corporation enhanced by the manufacturing and distribution of smoking accessories and cannabis lifestyle products, is pleased to report its financial and operating results for the second quarter of fiscal 2020 ending April 30, 2020.

Second Quarter 2020 – Financial Highlights:

- Revenue for the three months ended April 30, 2020 increased by 197%, to \$19.57 million from \$6.60 million for the same quarter last year.
- Gross profit for the three months ended April 30, 2020 increased by 214%, to \$7.39 million from \$2.35 million for the same quarter last year.
- Gross profit margin for the three months ended April 30, 2020 increased to 38% from 36% for the same quarter last year.
- Adjusted EBITDA⁽¹⁾ for the three months ended April 30, 2020 increased by 156%, to \$1.94 million from an Adjusted EBITDA loss of (\$3.49 million) for the same quarter last year.
- Cash and cash equivalents as at April 30, 2020 increased to \$7.04 million from \$0.81 million as at October 31, 2019.

“The second fiscal quarter of 2020 marks a historic moment in High Tide’s history. I am fiercely proud of our team for delivering adjusted EBITDA well ahead of the Company’s peer group and positive cash flow from operations through their unwavering commitment to our core strategy, especially throughout the pandemic. A decade of experience with cannabis consumers has been the key ingredient to our substantial year-over-year increase in revenue and enhanced gross margin.” said Raj Grover, President and Chief Executive Officer. “We are grateful to the many customers, employees, shareholders and other stakeholders who believed in High Tide’s vision and today share in our success. We remain focused on continuing to strengthen our balance sheet and delivering value by furthering our retail expansion across Ontario. I am confident that our future results will continue to reinforce our position as a leading cannabis operator,” added Mr. Grover.

Second Quarter 2020 – Operational Highlights:

- The Company successfully acquired and integrated the branded Canna Cabana locations in Hamilton and Sudbury.
- The Company further developed its Saskatchewan retail presence by acquiring a licensed cannabis retail location in Tisdale, Saskatchewan.
- High Tide entered into an agreement with Halo Labs to sell its KushBar assets for \$12 million, subject to the required regulatory approvals.
- The Company opened a Canna Cabana store in the heart of downtown Edmonton, Alberta.
- Integration of the Grasscity e-commerce platform into High Tide's Las Vegas facility has resulted in continued growth of North American market share and daily transaction volume.
- Through the COVID-19 pandemic existing Canna Cabana locations have remained operational and efficient, despite the challenging conditions facing retail across the country.
- As of the date of this news release approximately 47,000 members have joined Cabana Club, with 55% of our average daily transactions conducted by Club members.
- To date, the Company's portfolio includes a total of 36 branded retail cannabis locations in Ontario, Alberta, and Saskatchewan.

Subsequent Events:

- The Company opened a KushBar store in Medicine Hat, Alberta.
- The Company opened four new Canna Cabana retail locations in Ontario: Niagara Falls, Toronto – Parliament, Burlington, and Toronto – Bayview Avenue, bringing the current total to 7 Ontario stores and achieving 9% provincial market share by location as of June 9, 2020.

Selected financial information for the three and six months ended April 30, 2020:

(Expressed in thousands of Canadian Dollars)

	Three Months Ended April 30,			Six Months Ended April 30,		
	2020 \$	2019 \$	% Change	2020 \$	2019 \$	% Change
Revenue	19,572	6,596	197%	33,231	11,596	187%
Gross Profit	7,388	2,351	214%	12,165	4,140	194%
Total Operating Expenses	7,331	6,702	9%	14,051	13,352	5%
Adjusted EBITDA ^(a)	1,935	(3,486)	156%	1,385	(6,823)	120%
Income (Loss) from Operations	57	(4,351)	101%	(1,886)	(9,212)	(80%)
Net Loss	(5,046)	(3,319)	52%	(8,898)	(7,140)	25%
Loss Per Share (Basic)	(0.02)	(0.02)	-	(0.04)	(0.04)	-
Loss Per Share (Diluted)	(0.02)	(0.02)	-	(0.04)	(0.04)	-

^(a) Adjusted EBITDA is a non-IFRS financial measure.

The following is a reconciliation of Adjusted EBITDA to Net Loss:

	Three Months Ended April 30,		Six Months Ended April 30,	
	2020	2019	2020	2019
Net Loss	(5,046)	(3,319)	(8,898)	(7,140)
Income taxes	95	(1,166)	10	(2,396)
Accretion and interest	2,631	231	4,446	337
Depreciation and amortization	1,807	275	3,173	461
EBITDA ^(1, 2)	(513)	(3,979)	(1,269)	(8,738)
Foreign exchange	(17)	(39)	(21)	36
Transaction and acquisition costs	173	-	795	142
Revaluation of derivative liability	125	-	(314)	-
Loss on extinguishment of debenture	186	-	186	-
Impairment loss	247	-	247	-
Share-based compensation	71	590	98	1,822
Revaluation of marketable securities	477	-	477	-
Loss on sale of marketable securities	1,186	-	1,186	-
Discount on accounts receivable	-	(58)	-	(82)
Gain on disposal of property and equipment	-	-	-	(3)
Adjusted EBITDA ^(1, 2)	1,935	(3,486)	1,385	(6,823)

⁽¹⁾ Earnings before interest, taxes, depreciation, and amortization ("EBITDA") and Adjusted EBITDA. These measures do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers. Non-IFRS measures provide investors with a supplemental measure of the Company's operating performance and therefore highlight trends in Company's core business that may not otherwise be apparent when relying solely on IFRS measures. Management uses non-IFRS measures in measuring the financial performance of the Company.

⁽²⁾ Financial information for 2019 has not been restated for the adoption of IFRS 16. For the three months ended April 30, 2020, the Company made \$1,170 in lease payments. For the six months ended April 30, 2020, the Company made \$2,139 in lease payments.

Outlook

High Tide remains focused on the fundamentals of profitable retail, while continuing to leverage cannabis and its related accessories through the Company's manufacturing and e-commerce portfolio. High Tide's diverse mix of consumer channels provides access to layered insights and context unavailable to competitors, providing the Company with an advantage in understanding the development of North American and global cannabis user preferences in real time.

The Company believes that the senior secured credit facility advanced by Windsor Capital, the proceeds from the sale of the common shares of Halo Labs, and achieving positive cash flow from operations has positioned High Tide to execute on its strategic growth objectives in 2020. The Company is well positioned and funded to further its expansion in Ontario, as Canada's largest and most underserved market.

About High Tide Inc.

High Tide is a retail-focused cannabis company enhanced by the manufacturing and distribution of smoking accessories and cannabis lifestyle products. Its premier Canadian retail brand Canna Cabana spans 33 locations in Ontario, Alberta, and Saskatchewan, with additional locations under development across Canada. High Tide has been serving cannabis consumers for over a decade through its numerous lifestyle accessory enterprises including e-commerce platforms

Grasscity.com and CBDcity.com, lifestyle and licensed entertainment brand manufacturer Famous Brandz, and its distribution divisions RGR Canada and Valiant Distribution.

High Tide's strategy as a parent company is to extend and strengthen its integrated value chain, while providing a complete customer experience and maximizing shareholder value. Key industry investors in High Tide include Aphria Inc. (TSX: APHA) (NYSE: APHA) and Aurora Cannabis Inc. (NYSE: ACB) (TSX: ACB).

For more information about High Tide Inc., please visit www.hightideinc.com and its profile page on SEDAR at www.sedar.com.

Cautionary Note Regarding Forward-Looking Statements

Certain statements in this news release are forward-looking information or forward-looking statements, including, but not limited to (i) the expected ability of the Company to receive funds from the Windsor Capital credit facility. (ii) the sale of the common shares of Halo Labs; and (iii) the Company's intention to develop all permits that it holds. Such information and statements, referred to herein as "forward-looking statements" are made as of the date of this news release or as of the date of the effective date of information described in this news release, as applicable. Forward-looking statements relate to future events or future performance and reflect current estimates, predictions, expectations, or beliefs regarding future events. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (generally, forward-looking statements can be identified by use of words such as "outlook", "expects", "intend", "forecasts", "anticipates", "plans", "projects", "estimates", "envisages", "assumes", "needs", "strategy", "goals", "objectives", or variations thereof, or stating that certain actions, events or results "may", "can", "could", "would", "might", or "will" be taken, occur or be achieved, or the negative of any of these terms or similar expressions, and other similar terminology) are not statements of historical fact and may be forward-looking statements.

Such forward-looking statements are based on assumptions that may prove to be incorrect, including but not limited to the ability of the Company to execute on its business plan and that the Company will have sufficient funds to execute on its strategic growth objectives in 2020. However, there can be no assurance that any one or more of the government, industry, market, operational or financial targets as set out herein will be achieved. Inherent in the forward-looking statements are known and unknown risks, uncertainties and other factors that could cause actual results, performance or achievements, or industry results, to differ materially from any results, performance or achievements expressed or implied by such forward-looking statements.

The forward-looking statements contained herein are current as of the date of this news release. Except as required by law, High Tide does not have any obligation to advise any person if it becomes aware of any inaccuracy in or omission from any forward-looking statement, nor does it intend, or assume any obligation, to update or revise these forward-looking statements to reflect new events or circumstances. Any and all forward-looking statements included in this news release are expressly qualified by this cautionary statement, and except as otherwise indicated, are made as of the date of this news release.

SOURCE High Tide Inc.

For further information, please contact Raj Grover, President & Chief Executive Officer of High Tide Inc.; Tel: (403) 770-9435; Email: Raj@HighTideInc.com; Web: www.HighTideInc.com.



Management's Discussion & Analysis

For the three and six months ended April 30, 2020 and 2019



High Tide Inc.

Management's Discussion and Analysis

For the three and six months ended April 30, 2020 and 2019

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

This Management's Discussion and Analysis ("MD&A") of High Tide Inc. ("High Tide" or the "Company") for the three and six months ended April 30, 2020 and 2019 is dated June 16, 2020. This MD&A should be read in conjunction with the audited Consolidated Financial Statements of the Company for the year ended October 31, 2019 (hereafter the "Financial Statements") and 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. This document also refers to the Company's three reportable operating segments: (i) the "Retail" Segment represented by brands, including Canna Cabana, KushBar, Grasscity, and CBDcity (ii) the "Wholesale" Segment represented by RGR Canada ("RGR"), Valiant Distribution ("VAL") and Famous Brandz ("Famous Brandz"), and (iii) the "Corporate" Segment.

High Tide is a retail focused cannabis corporation enhanced by the manufacturing and distribution of smoking accessories and cannabis lifestyle products. The Company's shares are listed on the Canadian Securities Exchange ("CSE") under the symbol "HITI", the Frankfurt Stock Exchange ("FSE") under the securities identification code 'WKN: A2PBPS' and the 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, while the address of the Company's headquarters is #112, 11127 15 Street NE, Calgary, Alberta, T3K 2M4.

Additional information about the Company, including the October 31, 2019 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.

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 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 requirements 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 forward-looking 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. 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 "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.



High Tide Inc.

Management's Discussion and Analysis

For the three and six months ended April 30, 2020 and 2019

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

Changes in Accounting Policies and Critical Accounting Estimates

The significant accounting policies applied in preparation of the unaudited Condensed Interim Consolidated Financial Statements for the three and six months ended April 30, 2020 are consistent with those applied and disclosed in Note 2 of the Company's 2019 Audited Consolidated Financial Statements. On November 1, 2019, the Company adopted IFRS 16 – Leases. The new standard has significant changes to the lessee accounting by removing the distinction between operating and finance leases and requires lessees to recognize a lease liability reflecting its obligation for future lease payments and a right-of-use asset representing its right to use the underlying asset. The impact of the adoption of IFRS 16 is disclosed in Note 2 and Note 18 of the Condensed Interim Consolidated Financial Statements for the three and six months ended April 30, 2020. Critical accounting estimates remain the same as disclosed in the Audited Consolidated Financial Statements for the year ended October 31, 2019.

On November 1, 2019, the Company adopted the new accounting standard, IFRS 16, Leases ("IFRS 16") using the modified retrospective approach and has not restated comparatives for the 2019 reporting period, as permitted under the specific transitional provisions in the standard.

Non-IFRS Financial Measures

Throughout this MD&A, references are made to non-IFRS financial measures, including earnings before interest, taxes, depreciation and amortization ("EBITDA") and Adjusted EBITDA. These measures do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers. Non-IFRS measures provide investors with a supplemental measure of the Company's operating performance and therefore highlight trends in Company's core business that may not otherwise be apparent when relying solely on IFRS measures. Management uses non-IFRS measures in measuring the financial performance of the Company.

Corporate Overview

Nature of Operations

The Company's vision is to offer a full range of best-in-class products and services to cannabis consumers, while growing organically and through acquisitions, to become the world's premier retail-focused and vertically-integrated enterprise.

The Company's retail operations are focused on business-to-consumer markets. The operations of Canna Cabana (which is one of Canada's largest cannabis retail networks) and KushBar are focused both on the retail sale of recreational cannabis products for adult use as well as smoking accessories. Grasscity has been operating as a major e-commerce retailer of smoking accessories and cannabis lifestyle products for over 20 years. It has significant brand equity in the United States and around the world, while providing an established online sales channel for High Tide to sell its proprietary products.

The wholesale operations of RGR are primarily focused on the manufacturing and distribution of smoking accessories and cannabis lifestyle products. RGR designs and distributes a proprietary suite of branded smoking accessories including overseeing their contract manufacturing by third parties. RGR also distributes a minority of products that are manufactured by third parties. RGR does not sell its products directly to consumers but operates an e-commerce platform for wholesale customers. Like RGR, the wholesale operations of Famous Brandz are primarily focused on the manufacturing and distribution of smoking accessories and cannabis lifestyle products. Famous Brandz differentiates itself from RGR by focusing on acquiring celebrity licences, designing, and distributing branded products. Famous Brandz has developed an extensive network of wholesale clients across Canada, the United States and Europe.



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

Established Consumer Brands:



Competitive Landscape

As of the date of this MD&A, the Company operates 33 corporately owned retail cannabis locations represented by 30 Canna Cabana locations and 3 KushBar locations. Further, the Company has a 50% interest in a partnership that operates a retail Canna Cabana branded location in Sudbury, Ontario. The Company is also represented by one branded location in Toronto, Ontario, as well as one franchise in Calgary. In total, the Company currently has a total of 36 branded retail cannabis stores operating across Canada.

Canna Cabana provides a unique customer experience focused on retention and loyalty through its Cabana Club membership platform. Members of Cabana Club receive SMS & email communications highlighting new and upcoming product arrivals, member-only events, and special offers. As of the date of this MD&A, approximately 47,000 members have joined Cabana Club, with the majority subscribing in-store, while completing purchase transactions. As a result, the database communicates with highly relevant consumers who are segmented at the local level by delivering regular content that is specific to their local Canna Cabana location. Canna Cabana and KushBar operate among many competitors, both consolidated chains and independent operators. Notable competitors include Fire & Flower, Meta Growth, Nova Cannabis, Spiritleaf and Tokyo Smoke, as well as numerous independent retailers.

The Company anticipates significant additional growth in revenue due to the recent legalization of cannabis edibles and concentrate products. Limited initial releases of vape and edible products by Canadian Licensed Producers ("LPs") have been well received by current retail customers, while also attracting many new customers who were previously purchasing from legacy and illicit market vendors. As new products within the highly popular concentrates category become available, the Company expects to gain even more share of the Canadian cannabis consumer market.

Most of the Company's competitors applicable to its Wholesale Segment operate primarily as product distributors, while RGR and Famous Brandz both design, source, import and distribute their products. This creates advantages through vertical integration, enabling RGR and Famous Brandz to bring unique product designs to market, and offer wholesale customers favourable terms and flexible pricing.

In the future, the Company expects its Retail Segment to experience increased competition from the recreational cannabis industry as a greater number of third-party stores are established across Canada to offer both cannabis products and smoking accessories. However, the Company believes that its product knowledge, operational expertise, and margin maximization achieved through its vertically-integrated Wholesale Segment will enable 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 clients by supplying third-party retailers with smoking accessories on a wholesale basis, thereby offsetting some of the risks associated with the increased competition expected to affect the Retail Segment.

While the Company is presently focused on its existing markets in the Provinces of Alberta, Saskatchewan and Ontario, the Company is waiting for final approval from the British Columbia Liquor Distribution Branch ("BC LDB") to establish up to the



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High Tide Inc.**Management's Discussion and Analysis**

For the three and six months ended April 30, 2020 and 2019

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

maximum number of eight Canna Cabana locations per operator in the Province of British Columbia. The Company is currently evaluating entering other provinces and territories including Manitoba, North West Territories, and Yukon, as regulations permit and anticipates being able to grow both organically as well as through acquisitions in the future.

Select Financial Highlights and Operating Performance

	Three months ended April 30			Six months ended April 30		
	2020	2019	% Change	2020	2019	% Change
	\$	\$		\$	\$	
Revenue	19,572	6,596	197%	33,231	11,596	187%
Gross Profit	7,388	2,351	214%	12,165	4,140	194%
Gross Profit Margin	38%	36%	2%	37%	36%	1%
Total Operating Expenses	(7,331)	(6,702)	9%	(14,051)	(13,352)	5%
Adjusted EBITDA ^(a)	1,935	(3,486)	156%	1,385	(6,823)	120%
Income (loss) from Operations	57	(4,351)	101%	(1,886)	(9,212)	(80%)
Net Loss	(5,046)	(3,319)	52%	(8,898)	(7,140)	25%
Loss Per Share (Basic)	(0.02)	(0.02)		(0.04)	(0.04)	
Loss Per Share (Diluted)	(0.02)	(0.02)		(0.04)	(0.04)	

^(a) Adjusted EBITDA is a non-IFRS financial measure. A reconciliation of the Adjusted EBITDA to Net Loss is found under "EBITDA and Adjusted EBITDA" in this MD&A.

Revenue increased by 197% to \$19,572 in the second quarter of 2020 (2019: \$6,596) and gross profit increased by 214% to \$7,388 in the second quarter of 2020 (2019: \$2,351). Income (loss) from operations increased to \$57 in the second quarter of 2020 (2019: loss from operations was \$4,351).

The key factors affecting the results for the three-month period ended April 30, 2020 were:

- **Merchandise Sales** – Merchandise sales increased by \$12,451 or 198% for the three-month period ended April 30, 2020 as compared to same period in 2019. Growth in merchandise sales was largely driven by acquired businesses, the organic increase in the number of Canna Cabana stores across Canada, and a shift in consumer spending towards e-commerce which resulted in a significant increase in sales on Grasscity.com.
- **Operating Expenses** – The increase was primarily driven by the Company's planned increase in personnel and operating costs to support the establishment of retail store network across Canada.

Revenue

Revenue increased by 197% or \$12,976 to \$19,572 in the second quarter of 2020 (2019: \$6,596) and by 187% or \$21,635 to \$33,231 in the six-month period ended April 30, 2020 (2019: \$11,596).

The increase in revenue was driven primarily by the Company's Retail Segment via the operations of Canna Cabana, KushBar and Grasscity.

Sales growth led to an increase in revenue of \$12,976 between all segments. During the three-month period ended April 30, 2020, Canna Cabana locations processed over 405,950 transactions and fortified the Company's loyal customer base by growing its Cabana Club, thereby strongly connecting new shoppers to the Company's consumer-focused retail experience.

The Company's industry leading Cabana Club program delivers information to existing customers. Cabana Club members receive SMS & email communications highlighting new and upcoming product arrivals, member-only events, and special offers that connect them to their local Canna Cabana store. The program focuses on building long-term purchase habits and a strong relationship with customers. The Company is pleased that over 55% of its daily business is conducted with regular Cabana Club members.



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For the three and six months ended April 30, 2020 and 2019

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

The Company launched its proprietary data analytics service named Cabanalytics™ and started generating recurring subscription-based revenue. The Company continues to realize significant increases in its data analytics service through a growing subscriber base.

Gross Profit

For the three-month period ended April 30, 2020, gross profit increased by \$5,037 to \$7,388 (2019: \$2,351) and by \$8,025 to \$12,165 for the six-month period ended April 30, 2020 (2019: \$4,140). The increase in gross profit was driven by an increase in sales volume and the optimization of cost of sales. The gross profit margin also increased to 38% in the three-month period ended April 30, 2020 (2019: 36%) and to 37% in the six-month period ended April 30, 2020 (2019: 36%).

Operating Expenses

Total operating expenses increased by \$629 to \$7,331 for the three-month period ended April 30, 2020 (2019: \$6,702) and by \$699 to \$14,051 for the six-month period ended April 30, 2020 (2019: \$13,352). Total operating expenses as a percentage of revenue was 37% for the three-month period ended April 30, 2020 (2019: 102%).

Operating expenses increased over the same period in 2019 due to Company's efforts to take advantage of significant market opportunities created over the last 12 months in the recreational cannabis for adult use across Canada, which occurred on October 17, 2018. This increased effort resulted in the Company being represented by 36 branded stores across Canada as at the date of this MD&A in the Provinces of Alberta, Ontario, and Saskatchewan, while being ready to expand its operations into British Columbia in the near future.

The increase in operating expenses was largely attributed to salaries, wages, and benefits, which increased by \$1,134 compared to the same period during the prior year. The increase in staffing was due to the planned need for additional personnel within both the Retail and Corporate Segments to facilitate growth and position the Company to take advantage of various market opportunities.

General and administrative expenses decreased by \$559 for the three-month period ended April 30, 2020 compared to the same period in 2019 primarily because of the adoption of IFRS 16 and due to cost saving initiatives. Additionally, professional fees decreased by \$602 during the three-month period ended April 30, 2020, compared to the same period during the prior year. As the Company integrates its acquired businesses and streamlines processes to fully realize expected synergies, the Company expects to see further reductions in its relative operating expenses.

Financing and Other Costs

Financing and other costs of \$2,804 was recorded during the three-month period ended April 30, 2020, representing the expense associated with the interest expense related to convertible debentures, the accretion of lease liabilities, transaction costs related to securing a loan, as well as transaction costs related to the Company's acquisitions.



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Management's Discussion and Analysis

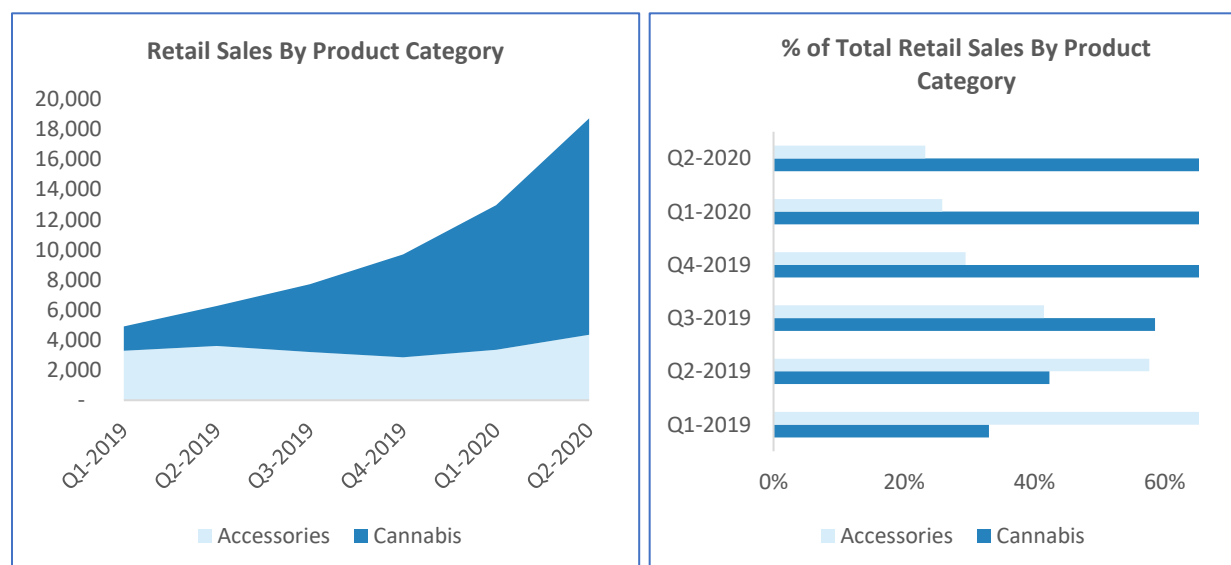
For the three and six months ended April 30, 2020 and 2019

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

Segment Operations

For the three months ended April 30,	Retail 2020 (\$)	Retail 2019 (\$)	Wholesale 2020 (\$)	Wholesale 2019 (\$)	Corporate 2020 (\$)	Corporate 2019 (\$)	Total 2020 (\$)	Total 2019 (\$)
Total Revenue	17,821	4,776	1,661	1,792	90	28	19,572	6,596
Gross margin	6,726	1,597	572	726	90	28	7,388	2,351
Income (loss) from operations	1,658	(1,520)	(356)	(227)	(1,245)	(2,604)	57	(4,351)
Net (loss) income	1,025	(1,156)	(361)	(1,023)	(5,710)	(1,140)	(5,046)	(3,319)
Total assets	48,504	32,350	5,456	4,819	19,195	3,574	73,155	40,743
Total liabilities	22,351	4,521	1,399	672	41,430	26,143	65,180	31,336

Retail Segment Performance



The Company's Retail Segment demonstrated significant sales growth with an increase in revenue of \$13,045 compared to same period last year. Revenue growth is primarily attributable to its acquired businesses, which resulted in an increased number of Canna Cabana locations and transactions on Grasscity.com as a result of shifting consumer habits.

Grasscity attracts approximately 5.8 million users to its online store each year and has had over 34 million unique users join its online forums since inception. High Tide continues to invest in Grasscity to refresh its online sales platform, increase its searchability and align its supply chain with RGR and Famous Brandz. Grasscity is a strong strategic fit with High Tide based on its strong brand and lengthy online presence, while also enabling the Company to leverage its vertical integration to improve order fulfillment, customer reach, product margins and its overall profitability.

Gross profit for the three-month period ended April 30, 2020 increased by \$5,129 compared to same period last year and the gross profit margin rate increased to 38%. The increase in gross margin rate is due to product mix optimization in the Canna Cabana and KushBar locations and on Grasscity.com which earns a higher blended gross margin.

For the three-month period ended April 30, 2020, the Retail Segment recorded income from operations of \$1,658 compared to a loss from operations of \$1,520 in the same period last year.



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

Wholesale Segment Performance

Revenues in the Company's Wholesale Segment decreased by \$131 to \$1,661 in the three-month period ended April 30, 2020 (2019: \$1,792).

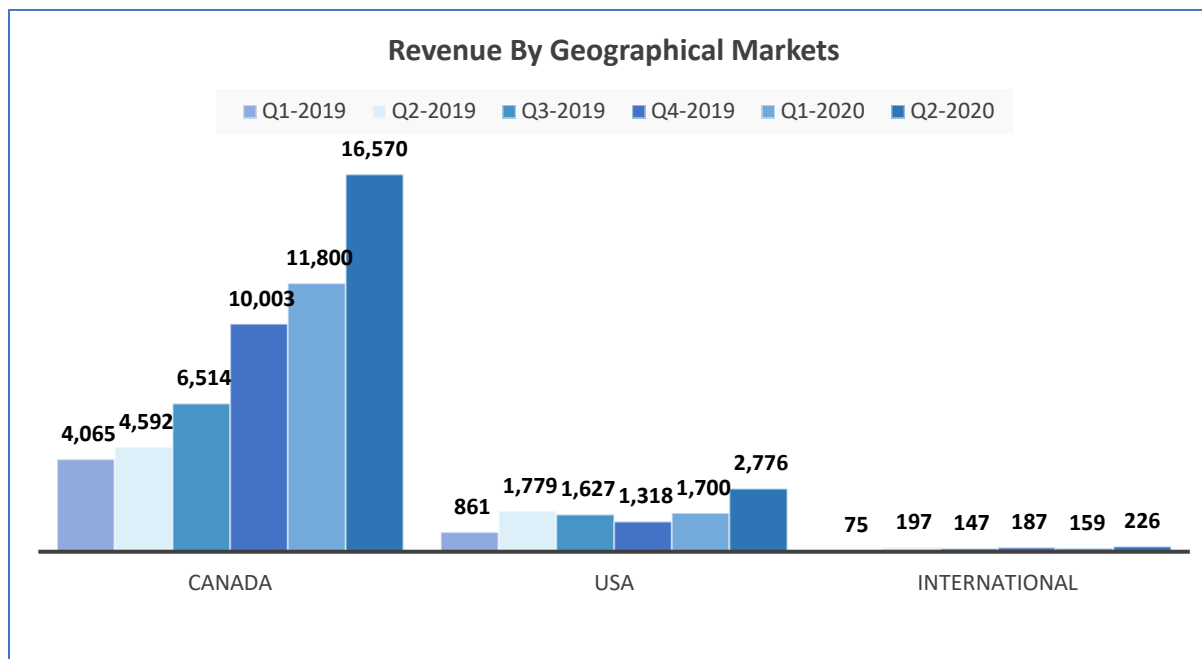
Gross profit decreased by \$154 to \$572 in the three-month period ended April 30, 2020, compared to \$726 for the same period last year.

The Wholesale Segment incurred a loss from operations of \$356 compared to a loss from operations of \$227 in the same period during the prior year.

Corporate Segment Performance

The Corporate Segment's main function is to administer the other two Segments (Retail and Wholesale) and is responsible for the executive management and financing needs of the business. The Corporate Segment earned revenues of \$90 in the three-month period ended April 30, 2020, compared to \$28 revenue being earned in the same period during the prior year. The revenue was made up of royalty fees and other revenues.

Geographical Markets





High Tide Inc.

Management's Discussion and Analysis

For the three and six months ended April 30, 2020 and 2019

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

The following presents information related to the Company's geographical markets and product mix:

For the three months ended April 30, 2020		Retail	Wholesale	Corporate	Total
		\$	\$	\$	\$
Primary geographical markets					
	Canada	15,707	773	90	16,570
	USA	1,888	888	-	2,776
	International	226	-	-	226
Total revenue		17,821	1,661	90	19,572
Major products and services					
	Cannabis	14,371	-	-	14,371
	Smoking accessories	2,784	1,575	-	4,359
	Franchise royalties and fees	125	-	88	213
	Other revenue	541	86	2	629
Total revenue		17,821	1,661	90	19,572

Sales performance increased significantly on average, with Canna Cabana leading Canadian sales and Grasscity contributing to US and International sales. Revenues in the International market are comprised of sales made to all countries outside of North America.

Summary of Quarterly Results

(C\$ in thousands, except per share amounts)	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018
Revenue	19,572	13,659	11,409	8,288	6,596	5,001	2,283	2,175
Adjusted EBITDA ^(a)	1,935	(550)	(6,004)	(3,369)	(3,486)	(3,338)	(2,749)	(698)
Income (Loss) from Operations	57	(1,943)	(6,393)	(4,038)	(4,582)	(4,861)	(2,771)	(707)
Net Loss	(5,046)	(3,852)	(15,427)	(3,724)	(3,319)	(3,822)	(3,847)	(615)
Net Loss per Share (Basic)	(0.02)	(0.02)	(0.07)	(0.02)	(0.02)	(0.02)	(0.05)	-
Net Loss per Share (Diluted)	(0.02)	(0.02)	(0.07)	(0.02)	(0.02)	(0.02)	(0.05)	-

^(a) Adjusted EBITDA is a non-IFRS financial measure. A reconciliation of the Adjusted EBITDA to Net Loss is found under "EBITDA and Adjusted EBITDA" in this MD&A.

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 becoming a decreasing factor in the Company's sales performance as the Retail Segment grows. Quarter-over-quarter revenues increased as the Company aggressively expanded Canna Cabana operations, optimized Grasscity and integrated acquired businesses such as 2680495 Ontario Inc. (Canna Cabana Hamilton, Ontario) and 102088460 Saskatchewan Ltd. (Canna Cabana Tisdale, Saskatchewan) into the Company.

Adjusted EBITDA increased by \$5,421 in the second quarter of 2020 compared to the same period in the prior year due to higher revenues and improving operating expenses as a percentage of revenues.



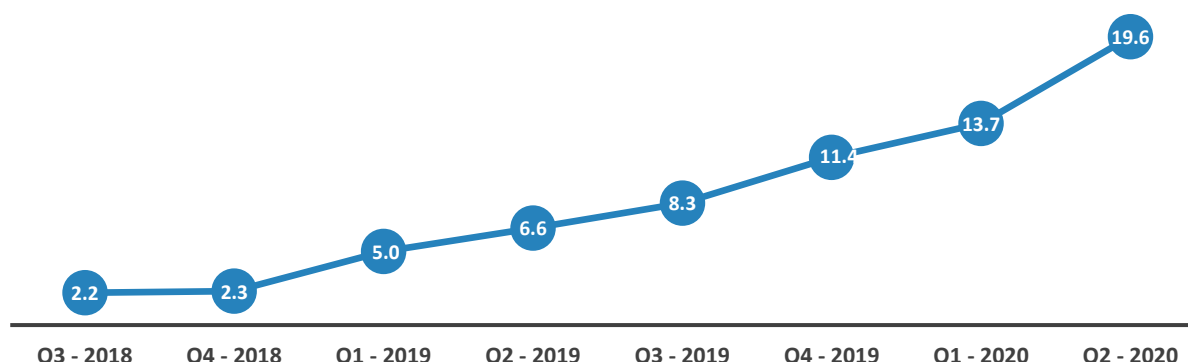
High Tide Inc.

Management's Discussion and Analysis

For the three and six months ended April 30, 2020 and 2019

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

Quarterly Revenue Trend Overview (in \$millions)



EBITDA and Adjusted EBITDA

The Company defines EBITDA and Adjusted EBITDA as per the table below. It should be noted that these performance measures are not defined under IFRS and may not be comparable to similar measures used by other entities. The Company believes that these measures are useful financial metrics as they assist in determining the ability to generate cash from operations. Investors should be cautioned that EBITDA and Adjusted EBITDA should not be construed as an alternative to net earnings or cash flows as determined under IFRS. The reconciling items between net earnings, EBITDA, and Adjusted EBITDA are as follows:

	2020 ⁽¹⁾		2019 ⁽²⁾				2018 ⁽³⁾	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Net Loss	(5,046)	(3,852)	(15,429)	(3,724)	(3,319)	(3,821)	(3,847)	(615)
Income taxes	95	(85)	2,998	(1,310)	(1,166)	(1,230)	(1,529)	(9)
Accretion and interest	2,631	1,815	1,676	1,040	231	106	-	-
Depreciation and amortization	1,807	1,366	478	462	275	186	58	9
EBITDA	(513)	(756)	(10,277)	(3,532)	(3,979)	(4,759)	(5,318)	(615)
Foreign exchange	(17)	(4)	49	(41)	(39)	75	190	(32)
Transaction and acquisition costs	173	622	(36)	-	-	142	491	-
Revaluation of derivative liability	125	(439)	(732)	-	-	-	-	-
Loss on extinguishment of debenture	186	-	-	-	-	-	-	-
Impairment loss	247	-	4,820	-	-	-	-	-
Share-based compensation	71	27	180	207	590	1,232	-	-
Revaluation of marketable securities	477	-	-	-	-	-	-	-
Loss on sale of marketable securities	1,186	-	-	-	-	-	22	(51)
Gain on extinguishment of financial liability	-	-	(129)	-	-	-	-	-
Related party balances written off	-	-	34	-	-	-	1,419	-
Gain on disposal of property and equipment	-	-	-	2	-	(3)	-	-
FV change in conversion feature	-	-	-	-	-	-	(28)	-
Discount on accounts receivable	-	-	87	(5)	(58)	(24)	475	-
Adjusted EBITDA	1,935	(550)	(6,004)	(3,369)	(3,486)	(3,337)	(2,749)	(698)

⁽¹⁾ Cash outflow for the lease liabilities during the three-months ended April 30, 2020 were \$1,170 and \$969 for three months ended January 31, 2020.

⁽²⁾ Financial information for 2019 has not been restated for the adoption of IFRS 16.

⁽³⁾ Financial information for 2018 has not been restated for the adoption of IFRS 15 and IFRS 16.



High Tide Inc.

Management's Discussion and Analysis

For the three and six months ended April 30, 2020 and 2019

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

Financial Position, Liquidity and Capital Resources

Assets

As at April 30, 2020, the Company had cash and cash equivalents balance of \$7,044 (2019: \$806).

Working capital including cash and cash equivalents as at April 30, 2020 was a deficit of \$20,946 (October 31, 2019: surplus \$1,939). The change is mainly due to the maturity of convertible debt of \$18,529 and related derivative liability of \$3,470 being less than 12 months away as of April 30, 2020. During the first quarter of 2020, the Company secured a credit facility of up to \$10,000 from Windsor Capital. During the second quarter of 2020, the Company agreed to sell the assets of KushBar and the rights to five permitted retail cannabis stores to Halo Labs for \$12,000. These transactions and positive cash flow from operations provide the Company enough liquidity for working capital and to pursue its near-term expansion plan.

Total assets of the Company were \$73,155 on April 30, 2020 compared to \$40,743 on October 31, 2019. The increase in total assets is primarily due to an increase in intangible assets as a result of the acquisition of 2680495 Ontario Inc. ("2680495"), operating as Canna Cabana branded store in Hamilton, Ontario, the acquisition of 102088460 Saskatchewan Ltd. ("102088460") which operates a licensed retail cannabis store in Tisdale, Saskatchewan, and a 50% interest in Saturninus Partners, operating as Canna Cabana branded store in Sudbury, Ontario. Assets also increased due to capital asset additions, inventory purchases, and prepaid lease deposits because of the expansion during the period. The increase in total assets is also due to the recognition of right-of-use assets amounting to \$18,281 because of the transition to IFRS 16 on November 1, 2019.

Liabilities

Total liabilities increased to \$65,180 at April 30, 2020 compared to \$31,336 on October 31, 2019 primarily due to increase in convertible debentures of \$7,279 and increase in derivative liability of \$1,349 arising from convertible debt. The proceeds from convertible debenture were used for expansion and working capital. As well, the increase in liabilities is also primarily due to the recognition of lease obligations amounting to \$18,546 because of the transition to IFRS 16 on November 1, 2019.

Summary of Outstanding Share Data

The Company had the following securities issued and outstanding as at the date of this MD&A:

Securities ⁽¹⁾	Units Outstanding
Issued and outstanding common shares	236,380,280
Warrants	135,316,734
Stock options	9,510,000
Convertible debentures	32,838

⁽¹⁾ Refer to the Company's Consolidated Financial Statements for a detailed description of these securities.

Cash Flows

During the six-month period ended April 30, 2020, the Company had an overall increase in cash and cash equivalents of \$6,238 (2019: increase \$1,097).

Total cash generated from operating activities was \$3,134 for the six-month period ended April 30, 2020 (2019: \$7,103 cash used in operating activities). The increase in operating cash outflows is primarily driven by cost optimization initiatives and due to the adoption of IFRS 16. Cash used in investing activities was \$1,942 (2019: \$10,971) because of cash paid for the acquisitions of 2680495 and 102088460, net of the sale of marketable securities. Cash from financing activities was \$5,046 (2019: \$19,171) because of issuing convertible debentures and drawing on the Windsor credit facility to facilitate business acquisitions, net of repayment of convertible debenture and lease payments.



High Tide Inc.

Management's Discussion and Analysis

For the three and six months ended April 30, 2020 and 2019

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

Liquidity

In addition to cash and cash equivalents and non-cash working capital discussed above, the Company secured a credit facility of up to \$10,000 from Windsor Capital during the first quarter of 2020. During the second quarter of 2020, the Company agreed to sell the assets of KushBar and the rights to five permitted retail cannabis stores to Halo Labs for \$12,000. These transactions provide the Company enough liquidity for working capital and to pursue its near-term expansion plan.

Capital Management

The Company's objectives when managing capital resources are to:

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

The Company's strategy is formulated to maintain a flexible capital structure consistent with the objectives as stated above and to respond to changes in economic conditions and the risks inherent in its underlying assets. The Board of Directors does not establish quantitative return on capital criteria for management, but rather promotes year-over-year sustainable profitable growth. The Company is not subject to any externally imposed capital requirements or covenants. The Company's capital structure consists of equity and working capital. To maintain or alter the capital structure, the Company may adjust capital spending, take on new debt and issue share capital. The Company anticipates it will have adequate liquidity to fund future working capital, commitments, and forecasted capital expenditures through a combination of cash flow, cash-on-hand and financings as required.

Off Balance Sheet Transactions

The Company does not have any financial arrangements that are excluded from the Financial Statements as at April 30, 2020, nor are any such arrangements outstanding as of the date of this MD&A.

Transactions Between Related Parties

As at April 30, 2020, 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

Included in the convertible debenture issued on December 12, 2018, was an investment by CannalIncome Fund Corporation for a total subscription amount of \$250, whose CEO is a director of the Company.

Operational transactions

An office and warehouse unit, approximately 27,000 square feet, 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. 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 subsidiary of High Tide Inc.

A director of the Company was engaged to provide legal services to the Company. During the six months ended April 30, 2020, the Company's expenses included \$67 (2019: \$92) related to these services.



High Tide Inc.

Management's Discussion and Analysis

For the three and six months ended April 30, 2020 and 2019

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

Subsequent events

On June 15, 2020, the Company issued an aggregate of 1,871,343 common shares of High Tide ("Interest Shares") to certain holders of unsecured convertible debentures of the Company, in satisfaction of the annual amount of interest due to the holders.

Financial Instruments

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.

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 balance is limited because the counterparties are large commercial banks. The amount reported for trade receivable in the statement of financial position is net of expected credit loss and the net carrying value represents the Company's maximum exposure to credit risk. Trade 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 Company performs a regular assessment of collectability of accounts receivables. In determining the expected credit loss amount, the Company considers the customer's financial position, payment history and economic conditions

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 as well as debt and equity financings to provide sufficient liquidity to meet budgeted operating requirements and to supply capital to expand its operations.

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.

Outlook

High Tide remains focused on the fundamentals of profitable retail, while continuing to leverage cannabis and its related accessories through the Company's manufacturing and e-commerce portfolio. High Tide's diverse mix of consumer channels provides access to layered insights and context unavailable to competitors, providing the Company with an advantage in understanding the development of North American and global cannabis user preferences in real time.

The Company believes that the senior secured credit facility advanced by Windsor Capital, the proceeds from the sale of the common shares of Halo Labs, and achieving positive cash flow from operations has positioned the company to execute on its strategic growth objectives in 2020. The company is well positioned and funded to further its expansion in Ontario, Canada's largest and most underserved market. This estimate is considered a financial outlook under applicable securities laws. The estimate and any other financial outlooks or future-oriented financial information included herein has been approved by management of High Tide as of the date hereof. Such financial outlooks or future-oriented financial information are provided for the purpose of presenting information about management's current expectations and goals related to the future business of High Tide. Readers are cautioned that actual results may vary materially because of several risks, uncertainties, and other factors, many of which are beyond High Tide's control. See "Cautionary Note Regarding Forward-Looking Statements".

At present, High Tide has 33 Canna Cabana branded location including 24 Canna Cabana locations (including one franchise) in Alberta, two locations in Saskatchewan, six locations in Ontario, one Canna Cabana branded location in Ontario and three KushBar locations in Alberta. The Company also has 18 development permits on hand to continue expanding across Alberta. As previously announced, the three operating KushBar locations and five of the development permits have been conditionally sold to US-based Halo Labs. High Tide is currently developing seven retail sites in Alberta, with three currently under construction including a premium location in Banff. In due course, the Company will develop all permits, among others, to achieve the maximum allowable number of stores per operator in Alberta, which is currently capped at 42 by AGLC until December 31, 2020.



High Tide Inc.

Management's Discussion and Analysis

For the three and six months ended April 30, 2020 and 2019

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

Going forward, Ontario is the largest and most strategically important market for the Company. High Tide expects to open the remaining three Canna Cabana locations by September to reach the provincial maximum of 10 retail cannabis stores per operator. The Company is also in the final stages of clearing due diligence with BCLDB and intends to open the maximum of eight allowable stores per operator in British Columbia. High Tide is currently evaluating entering Manitoba, Yukon, and Northwest Territories to open cannabis retail stores.

Regarding the Company's e-commerce business, High Tide continues to expand the Grasscity accessories portfolio and its US-based order fulfillment capabilities from the Las Vegas warehouse. High Tide also launched CBDcity.com in May of 2020 for customers in the US and EU.

Overall, management continues to review segment operations and streamline processes to reduce expenses via changes to staffing levels, lower general and administrative expenses and minimize incurring professional fees.

Risk Assessment

Management of High Tide defines risk as the evaluation of probability that an event might happen in the future that could negatively affect the financial condition, results of operations and/or reputation of the Company. The following section describes specific and general risks that could affect the Company. The following descriptions of risk do not include all possible risks as there may be other risks of which management is currently unaware.

Changes in Laws and Regulations

The *Cannabis Act* became effective on October 17, 2018. The Company's success is contingent, in part, upon compliance with regulatory requirements enacted by governmental authorities and obtaining all regulatory approvals for the operation of its business. Further, the Company cannot predict the time required to secure all appropriate regulatory approvals for its business. The impact of cannabis regulatory compliance regime could have an adverse effect on the Company's business, results of operation and financial condition.

Failure to Manage Growth Successfully

The Company's business has grown rapidly in the last year. The Company's growth places a strain on managerial, financial, and human resources. The Company will need to provide adequate operational, financial and management controls and reporting procedures to manage the continued growth in the number of employees, scope of operations and financial systems as well as the geographic area of operations. Expanding the business into new geographic areas requires the Company to incur costs, which may be significant, before any associated revenues materialize. Future growth beyond the next 12 months will depend upon several factors, including but not limited to the Company's ability to:

- issue further equity and/or take on further debt to fund the completion of the Company's expansion plans, including the build-out of new recreational cannabis stores and the expansion of its client base;
- hire, train and manage additional employees to provide agreed upon services;
- execute on and successfully integrate acquisitions; and
- expand the Company's internal management to maintain control over operations and provide support to other functional areas within High Tide.

High Tide's inability to achieve any of these objectives could harm the Company's business, financial condition, reputation, and operating results.

Dependence on Key Personnel

The success of High Tide is largely dependent on the performance of its key employees and directors. Failure to retain key employees and directors and to attract and retain additional key employees with necessary skills could have a material adverse impact on the Company's growth and profitability. The departure of any key personnel could have a material adverse effect on the Company's business, results of operations and financial condition.



High Tide Inc.

Management's Discussion and Analysis

For the three and six months ended April 30, 2020 and 2019

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

Competition

As more licenses are issued, the Company will experience increased competition from other organizations with more financial resources, market access and marketing experience than the Company. Increased competition may cause price reductions, reduced gross margins and loss of market share, any of which could have a material adverse effect on the Company's business, results of operation and financial condition.

Failure to Secure Retail Locations

One of the factors in the growth of the Company's Cannabis retail business depends on the Company's ability to secure attractive locations on terms acceptable to the Company. The Company faces competition for retail locations from its competitors and from operators of other businesses. There is no assurance that future locations will produce the same results as past locations.

Cyber Risks

The Company and its third-party services provider's information systems are vulnerable to an increasing threat of continually evolving cybersecurity risks. These risks may take the form of malware, computer viruses, cyber threats, extortion, employee error, malfeasance, system errors or other types of risks, and may occur from inside or outside of the respective organizations. The operations of the Company depend, in part, on how well networks, equipment, information technology systems and software are protected against damage from several threats. The failure of information systems or a component of information system could, depending on the nature of any such failure, could have a material adverse effect on the Company's, business, its reputation, results of operations and financial condition.

Market Risk

The COVID-19 outbreak remains unknown and it has introduced uncertainty and volatility into global markets and economies. The Company is monitoring developments and is prepared for various impacts related to COVID-19. The Company has a comprehensive pandemic and business continuity plan that ensures its readiness to appropriately address and mitigate various business risks and potential impacts to customers and employees. The Company believes this could have a material adverse effect on the Company's business, results of operations and financial condition.



Condensed Interim Consolidated Financial Statements

For the three and six months ended April 30, 2020 and 2019
(Stated in thousands of Canadian dollars, except share and per share amounts)
(Unaudited)



High Tide Inc.

Condensed Interim Consolidated Financial Statements

For the three and six months ended April 30, 2020 and 2019

Notice of no auditor review of Condensed Interim Consolidated Financial Statements for the three and six months ended April 30, 2020 and 2019.

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



High Tide Inc.

Condensed Interim Consolidated Statements of Financial Position

As at April 30, 2020 and October 31, 2019

(Unaudited – In thousands of Canadian dollars)

	Notes	2020	2019
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		7,044	806
Marketable securities		454	50
Trade and other receivables	9	2,244	2,385
Inventory		7,016	6,719
Prepaid expenses and deposits	8	2,772	2,518
Current portion of loans receivable		55	261
Total current assets		19,585	12,739
Non-current assets			
Loans receivable		284	878
Property and equipment	7	12,779	12,382
Right-of-use assets, net	22	18,281	-
Long term prepaid expenses and deposits	8	1,542	1,380
Deferred tax asset		816	1,190
Intangible assets and goodwill	6	19,868	12,174
Total non-current assets		53,570	28,004
Total assets		73,155	40,743
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	19	6,375	4,408
Notes payable current	13	4,079	3,570
Deferred liability	12	3,500	-
Current portion of convertible debentures	10	18,529	-
Current portion of lease liabilities	22	4,578	-
Shareholder loans		-	701
Derivative liability	10, 14	3,470	2,121
Total current liabilities		40,531	10,800
Non-current liabilities			
Notes payable	13	280	62
Convertible debentures	10	8,414	19,664
Lease liabilities	22	13,968	-
Long term contract liability		62	100
Deferred tax liability		1,925	710
Total non-current liabilities		24,649	20,536
Total liabilities		65,180	31,336
Shareholders' equity			
Share capital	15	31,888	26,283
Contributed surplus		2,217	2,119
Convertible debentures – equity	10	1,878	1,637
Warrants	17	8,468	6,609
Accumulated other comprehensive income		(195)	(366)
Accumulated deficit		(36,281)	(26,696)
Equity attributable to owners of the Company		7,975	9,586
Non-controlling interest	24	-	(179)
Total shareholders' equity		7,975	9,407
Total liabilities and shareholders' equity		73,155	40,743



High Tide Inc.

Condensed Interim Consolidated Statements of Comprehensive Loss

For the three and six months ended April 30, 2020 and 2019

(Unaudited – In thousands of Canadian dollars)

		Three months ended		Six months ended	
	Notes	2020	2019	2020	2019
		\$	\$	\$	\$
Revenue					
Merchandise sales	5	18,730	6,279	31,681	11,178
Royalty revenue	5	213	50	796	135
Other revenue	5	629	267	754	283
Total Revenue		19,572	6,596	33,231	11,596
Cost of sales		(12,184)	(4,245)	(21,066)	(7,456)
Gross profit		7,388	2,351	12,165	4,140
Expenses					
Salaries, wages and benefits		(3,282)	(2,148)	(6,453)	(4,391)
Share-based compensation	16	(71)	(590)	(98)	(1,822)
General and administration		(1,091)	(1,650)	(2,253)	(3,009)
Professional fees		(846)	(1,448)	(1,609)	(2,302)
Advertising and promotion		(161)	(517)	(247)	(1,166)
Depreciation and amortization	6, 7, 22	(1,807)	(275)	(3,173)	(461)
Interest and bank charges		(73)	(74)	(218)	(201)
Total expenses		(7,331)	(6,702)	(14,051)	(13,352)
Income (loss) from operations		57	(4,351)	(1,886)	(9,212)
Other income (expenses)					
Loss on extinguishment of debenture	10	(186)	-	(186)	-
Revaluation of derivative liability	10, 14	(125)	-	314	-
Loss on sale of marketable securities	12	(1,186)	-	(1,186)	-
Impairment loss	7	(247)	-	(247)	-
Gain on disposal of property and equipment		-	-	-	3
Revaluation of marketable securities	12	(477)	-	(477)	-
Discount on accounts receivable		-	58	-	82
Finance and other costs	11	(2,804)	(231)	(5,241)	(373)
Foreign exchange gain (loss)		17	39	21	(36)
Total other expenses		(5,008)	(134)	(7,002)	(324)
Loss before taxes		(4,951)	(4,485)	(8,888)	(9,536)
Deferred tax (expense) recovery		(95)	1,166	(10)	2,396
Net Loss		(5,046)	(3,319)	(8,898)	(7,140)
Other comprehensive loss					
Translation difference on foreign subsidiary		101	-	171	-
Total comprehensive loss		(4,945)	(3,319)	(8,727)	(7,140)
Net loss and comprehensive loss attributable to:					
Owners of the Company		(4,945)	(3,286)	(8,719)	(7,065)
Non-controlling interest	24	-	(33)	(8)	(75)
		(4,945)	(3,319)	(8,727)	(7,140)
Loss per share					
Basic	18	(0.02)	(0.02)	(0.04)	(0.04)
Diluted	18	(0.02)	(0.02)	(0.04)	(0.04)



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 income (loss)	Accumulated deficit	Attributable to owners of the Company	NCI	Total
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance, October 31, 2018		35,695	16,904	905	-	-	-	(30,176)	23,328	(13)	23,315
Transition adjustment – IFRS 9		-	-	-	-	-	-	(26)	(26)	-	(26)
Transition adjustment – IFRS 15		-	-	-	-	-	-	(67)	(67)	-	(67)
Conversion of special warrants		13,051	(16,904)	3,853	-	-	-	-	-	-	-
Warrants issued December, 2018		-	-	93	-	-	-	-	93	-	93
Acquisition - Grasscity		3,047	-	-	-	-	-	-	3,047	-	3,047
Share-based compensation		71	-	-	2,119	-	-	-	2,190	-	2,190
Equity portion of convertible debentures		-	-	-	-	1,637	-	-	1,637	-	1,637
Cumulative translation adjustment		-	-	-	-	-	(366)	-	(366)	-	(366)
Interest payment paid in shares		1,156	-	-	-	-	-	-	1,156	-	1,156
Warrants issued April, 2019		-	-	883	-	-	-	-	883	-	883
Acquisition - Dreamweavers		1,147	-	296	-	-	-	-	1,443	-	1,443
Acquisition - Jasper Ave.		205	-	-	-	-	-	-	205	-	205
Warrants issued June, 2019		-	-	342	-	-	-	-	342	-	342
Reduction in share capital		(29,699)	-	-	-	-	-	29,699	-	-	-
Fee paid in shares & warrants		1,607	-	132	-	-	-	-	1,739	-	1,739
Warrants issued September, 2019		-	-	105	-	-	-	-	105	-	105
Warrant exercise		3	-	-	-	-	-	-	3	-	3
Comprehensive loss for the year		-	-	-	-	-	-	(26,126)	(26,126)	(166)	(26,292)
Balance, October 31, 2019		26,283	-	6,609	2,119	1,637	(366)	(26,696)	9,586	(179)	9,407
Fee paid in shares	15	860	-	-	-	-	-	-	860	-	860
Warrants issued	10, 17	-	-	1,543	-	-	-	-	1,543	-	1,543
Share-based compensation	16	-	-	-	98	-	-	-	98	-	98
Equity portion of convertible debentures	10	-	-	-	-	241	-	-	241	-	241
Cumulative translation adjustment		-	-	-	-	-	171	-	171	-	171
Prepaid Interest paid in shares		848	-	-	-	-	-	-	848	-	848
Purchase of minority interest - KushBar Inc.	4	500	-	-	-	-	-	(687)	(187)	187	-
Acquisition - 2680495 Ontario Inc.	3	1,100	-	-	-	-	-	-	1,100	-	1,100
Acquisition - Saturninus Partners	3	1,218	-	316	-	-	-	-	1,534	-	1,534
Acquisition - 102088460 Saskatchewan Ltd.	3	975	-	-	-	-	-	-	975	-	975
Asset acquisition	6	104	-	-	-	-	-	-	104	-	104
Comprehensive loss for the period		-	-	-	-	-	-	(8,898)	(8,898)	(8)	(8,906)
Balance, April 30, 2020		31,888	-	8,468	2,217	1,878	(195)	(36,281)	7,975	-	7,975



High Tide Inc.

Condensed Interim Consolidated Statements of Cash Flows

For the six months ended April 30, 2020 and 2019

(Unaudited – In thousands of Canadian dollars)

	Notes	2020	2019
		\$	\$
Operating activities			
Net loss		(8,898)	(7,140)
Income tax expense (recovery)		10	(2,396)
Accretion expense		3,977	1,241
Fee for services paid in shares & warrants	15, 17	746	-
Acquisition costs paid in shares	3	600	-
Depreciation and amortization	6, 7, 22	3,173	461
Accretion of lease liability	22	664	-
Revaluation of derivative liability	10, 14	314	-
Impairment loss	7	247	-
Gain on disposal of property and equipment		-	(3)
Share-based compensation	16	98	1,822
Revaluation of marketable securities	12	477	-
Provision for impairment on accounts receivable		-	(82)
Loss on sale of marketable securities	12	1,186	-
		2,594	(6,097)
Changes in non-cash working capital			
Trade and other receivables		174	(453)
Inventory		541	(712)
Loans receivable		-	(1,128)
Prepaid expenses and deposits		460	(792)
Accounts payable and accrued liabilities		(635)	1,806
Income tax payable		-	337
Contract liability		-	(359)
Shareholder loans		-	295
Net cash provided by (used) in operating activities		3,134	(7,103)
Investing activities			
Purchase of property and equipment	7	(627)	(4,693)
Purchase of intangible assets	6	(289)	(1,593)
Proceeds from sale of marketable securities	12	1,458	-
Proceeds from disposal of property and equipment		-	3
Cash paid for business combination, net of cash acquired	3	(2,484)	(4,688)
Net cash used in investing activities		(1,942)	(10,971)
Financing activities			
Repayment of finance lease obligations		(3)	(3)
Proceeds from convertible debentures net of issue costs	10	8,855	19,174
Proceeds from notes payable	13	200	-
Repayment of convertible debentures	10	(1,867)	-
Lease liability payments	22	(2,139)	-
Net cash provided by financing activities		5,046	19,171
Net increase in cash and cash equivalents		6,238	1,097
Cash and cash equivalents, beginning of the year		806	8,198
Cash and cash equivalents, end of the year		7,044	9,295



High Tide Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended April 30, 2020 and 2019

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

1. Nature of Operations

High Tide Inc. (the “Company” or “High Tide”) is a downstream focused retailer of cannabis products, distributor, and a seller of smoking accessories. The Company’s shares are listed on the Canadian Securities 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.

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

COVID-19

An outbreak of a new strain of coronavirus (COVID-19) resulted in a major global health crisis which continues to impact the global economy and the financial markets at the date of these financial statements. Given the ongoing and dynamic nature of the circumstances surrounding COVID-19, it is difficult to predict how significant the impact of COVID-19, including any responses to it, will be on the economy and the Company’s business in particular, or for how long any disruptions are likely to continue. The extent of such impact will depend on future developments, which are highly uncertain, rapidly evolving and difficult to predict. Such further developments could have a material adverse effect on the Company’s business and financial condition.

2. Accounting Policies

A. Basis of Preparation

These 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, 2019 which are available on SEDAR at www.sedar.com.

For comparative purposes, the Company has reclassified certain immaterial items on the comparative condensed interim consolidated statement of financial position and the condensed interim consolidated statement of comprehensive loss to conform with current period’s presentation.

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 16.

These condensed interim consolidated financial statements were approved and authorized for issue by the Board of Directors on June 16, 2020.

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, 2019.

C. Adoption of new standards

IFRS 16 Leases

On January 13, 2016, the IASB published a new standard, IFRS 16 Leases. The new standard brings most leases on statement of financial position for lessees under a single model, eliminating the distinction between operating and finance leases. The standard is effective for annual periods beginning on or after January 1, 2019. Under the new standard, a lessee recognizes a right-of-use asset and a lease liability.

On November 1, 2019 the Company, adopted IFRS 16 Leases. The Company has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 Leases.

C. Adoption of new standards (continued)

As a result of adopting IFRS 16, the Company has recognized a significant increase to both assets and liabilities on our Condensed Interim Consolidated Statements of Financial Position, as well as a decrease to operating expenses (for the removal of fixed rent payments), an increase to depreciation (due to the depreciation of the right-of use asset), and an increase to finance costs (due to accretion of the lease liability). Lease inducements, store closure costs and average rent adjustments (which were previously included in accounts payable and accrued liabilities) and onerous lease provisions are no longer recognized as separate liabilities and are included in the calculation of right-of-use assets under IFRS 16.

Applying IFRS 16, for all leases, the Company:

- recognizes right-of-use assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of future lease payments;
- recognizes depreciation of right-of-use assets on a straight-line basis and interest on lease liabilities in the consolidated statements of income or loss; and
- reports the total amount of cash paid, including both the principal portion and interest within financing activities in the consolidated statements of cash flows. Lease incentives are recognized as part of the measurement of the right-of-use (“ROU”) assets and lease liabilities whereas under IAS 17 they resulted in the recognition of a lease incentive liability, amortized as a reduction of rental expense on a straight-line basis.

On adoption of IFRS 16, the Company recognized lease assets and liabilities in relation to leases previously classified as ‘operating leases’ under the principles of IAS 17. These liabilities were measured at the present value of the remaining lease payments, discounted using the related incremental borrowing rate as of November 1, 2019. The incremental borrowing rate applied is 8%. The associated right-of-use assets were measured as equal to the lease liability and prepaid rent, discounted using the incremental borrowing rates as of November 1, 2019 adjusted for the effects of provisions for onerous leases.

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36 Impairment of Assets. In the context of the transition to IFRS 16, the Company recognized right-of-use assets of \$19,638 and lease liabilities of \$19,543 as at November 1, 2019. The Company capitalized prepaid lease deposits and lease inducements amounting to \$95 to right of use assets on November 1, 2019 in accordance with IFRS 16.

In applying IFRS 16 for the first time, the Company has used the following practical expedients permitted by the standard:

- the Company has elected to apply a single discount rate to a portfolio of leases with reasonably similar underlying characteristics;
- the Company has elected to exclude initial direct costs incurred in obtaining leases in the measurement of the right-of-use asset on transition;
- the Company has elected to use hindsight to determine the lease term where the lease contracts contain options to extend or terminate the lease;
- the Company has elected not to separate lease components from any associated non lease components;
- the Company has elected to rely on an onerous lease assessment as of October 31, 2019, as an alternative to performing an impairment review as at November 1, 2019; and
- the Company has elected not to account for leases for which the lease term ends within 12 months of November 1, 2019 as short-term leases or leases that meet the low-value exemption.

A reconciliation of lease commitments as at October 31, 2019, outlining the effect of transition to IFRS 16 is outlined below.

Operating lease commitments disclosed at October 31, 2019	21,218
Effect of discounting using incremental borrowing rate at November 1, 2019	(5,926)
Reasonably certain lease extensions	4,251
Total Lease Liabilities as of November 1, 2019	19,543

C. Adoption of new standards (continued)**Accounting policy**

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Right-of-use assets are measured at cost, which is calculated as the amount of the initial measurement of lease liability plus any lease payments made at or before the commencement date, any initial direct costs and related restoration costs. The right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the useful life of the underlying asset. The depreciation is recognized from the commencement date of the lease. To assess whether a contract conveys the right to control the use of an identified asset, we assess whether:

- The contract involves the use of an identified asset;
- The Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use; and
- The Company has the right to direct the use of the asset.

Estimates

The Company estimates the incremental borrowing rate used to measure our lease liability for each lease contract. This includes estimation in determining the asset-specific security impact. There is also estimation uncertainty arising from certain leases containing variable lease terms that are linked to operational results or an index or rate.

Judgments

The Company estimates the lease term by considering the facts and circumstances that can create an economic incentive to exercise an extension option, or not exercise a termination option by assessing relevant factors such as store profitability. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Potential future cash outflows have not been included in the lease liability because it is not reasonably certain that the lease will be extended. The assessment of the lease term is reviewed if a significant event or a significant change in circumstances occurs, which affects this assessment and that is within the control of the lessee.

D. New Accounting Pronouncements not yet adopted**Definition of a Business**

In October 2018, the IASB issued "Definition of a Business (Amendments to IFRS 3)". The amendments clarify the definition of a business, with the objective of assisting entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. The amendment provides an assessment framework to determine when a series of integrated activities is not a business. The amendments are effective for business combinations occurring on or after the beginning of the first annual reporting period beginning on or after January 1, 2020. The Company is currently evaluating the potential impact of these amendments on the Company's consolidated financial statements.

3. Business Combinations

A. 102088460 Saskatchewan Ltd. Acquisition – Current period

Total consideration	\$
Cash paid	200
Common shares	975
Notes payable	470
	1,645
Purchase price allocation	
Property and equipment	369
Intangible assets - license	256
Goodwill	1,089
Deferred tax liability	(69)
	1,645

On February 21, 2020, the Company completed the acquisition of 102088460 Saskatchewan Ltd. ("102088460") which operated a licensed retail cannabis store in Tisdale, Saskatchewan. As consideration for the acquisition, the Company paid to the vendor \$200 in cash, \$500 in the form of a promissory note due six months from the time of closing of the transaction and issued to the vendor 5,000,000 common shares in the capital of the Company. In connection with the transaction, the Company acquired all the issued and outstanding shares of 102088460. The note payable has been recorded at its fair value of \$470 by discounting it over six months at a market interest rate of 22%.

In accordance with IFRS 3, Business Combination ("IFRS 3"), the substance of this transaction constituted a business combination. Management is in the process of gathering the relevant information that existed at the acquisition date to determine the fair value of the net identifiable assets acquired. As such, the initial purchase price was provisionally allocated based on the Company's estimated fair value of the identifiable assets acquired on the acquisition date. The values assigned are, therefore, preliminary and subject to change. Management continues to refine and finalize its purchase price allocation for the fair value of identifiable intangible assets, property plant and equipment, and the allocation of goodwill. For the three months ended April 30, 2020, 102088460 accounted for \$149 in revenues and \$9 in net income. If the acquisition had been completed on November 1, 2019, the Company estimates it would have recorded an increase of \$208 in revenues and an increase of \$13 in net income for the six months ended April 30, 2020. The Company also incurred \$24 in transaction costs, which have been expensed during the period.

3. Business Combinations (continued)

B. 2680495 Ontario Inc. Acquisition – Prior period

Total consideration	\$
Cash paid	2,903
Common shares	1,100
	4,003
Purchase price allocation	
Cash	455
Accounts receivable	59
Inventory	444
Property and equipment	304
Intangible assets - license	4,873
Accounts payable and accrued liabilities	(846)
Deferred tax liability	(1,286)
	4,003

On January 24, 2020, the Company completed the acquisition of 2680495 Ontario Inc. ("2680495") which operated a licensed retail cannabis store in Hamilton, Ontario. As consideration for the acquisition, the Company paid to the vendor \$2,903 in cash and issued to the vendor 4,761,904 common shares in the capital of the Company. In connection with the transaction, the Company acquired all the issued and outstanding shares of 2680495.

Management is in the process of gathering the relevant information that existed at the acquisition date to determine the fair value of the net identifiable assets acquired. As such, the initial purchase price was provisionally allocated based on the Company's estimated fair value of the identifiable assets acquired on the acquisition date. The values assigned are, therefore, preliminary and subject to change. Management continues to refine and finalize its purchase price allocation for the fair value of identifiable intangible assets, property plant and equipment, and the allocation of goodwill. None of the goodwill arising on this acquisition is expected to be deductible for tax purposes. For the six months ended April 30, 2020, 2680495 accounted for \$4,278 in revenues and \$480 in net income. The Company also incurred \$600 in transaction costs, which have been expensed during the period ended January 31, 2020. If the acquisition had been completed on November 1, 2019, the Company estimates it would have recorded an increase of \$4,827 in revenues and an increase of \$628 in net income for the six months ended April 30, 2020.

3. Business Combinations (continued)

C. Saturninus Partners Acquisition – Prior period

Total consideration	\$
Common shares	1,218
Warrants	316
Contingent consideration	116
	1,650
Purchase price allocation	
Cash	164
Accounts receivable	15
Prepaid expenses and deposits	28
Inventory	393
Property and equipment	269
Accounts payable and accrued liabilities	(891)
Goodwill	1,672
	1,650

On January 27, 2020, the Company acquired a 50% interest in the Saturninus Partners (“Saturninus”) which operates a licensed retail cannabis store in Sudbury, Ontario. The Company, has classified this acquisition as a joint operation. The activity of the joint operation constitutes a business, as defined in IFRS 3 Business Combinations, it shall apply, to the extent of its share in accordance with all of the principles on business combinations accounting. As consideration for the transaction, the Company issued to nominees of the partners of the partnership an aggregate of 5,319,149 common shares of the Company, as well as common share purchase warrants to purchase up to an aggregate of 2,500,000 shares of the Company. Each warrant entitles the holder to acquire one share at an exercise price of \$0.40 per share for a period of two years from the date of issuance. In addition, for a period of 2 years following the closing date, one of the outgoing partners will be entitled to receive, from the Company, a royalty of 1% of the gross revenues of the Sudbury store. Contingent consideration was calculated using the present value of expected payment, discounting using 22% discount rate. The expected payment is determined by considering the 1% share of forecasted revenue.

Management is in the process of gathering the relevant information that existed at the acquisition date to determine the fair value of the net identifiable assets acquired. As such, the initial purchase price was provisionally allocated based on the Company's estimated fair value of the identifiable assets acquired on the acquisition date. The values assigned are, therefore, preliminary and subject to change. Management continues to refine and finalize its purchase price allocation for the fair value of identifiable intangible assets, property plant and equipment, and the allocation of goodwill. None of the goodwill arising on this acquisition is expected to be deductible for tax purposes. For the six months ended April 30, 2020, Saturninus accounted for \$1,055 in revenues and \$182 in net income. If the acquisition had been completed on November 1, 2019, the Company estimates it would have recorded an increase of \$977 in revenues and an increase of \$147 in net income for the six months ended April 30, 2020.

4. Purchase of Minority interest in Shareholder

On December 10, 2019, the Company entered into a definitive share purchase agreement with 2651576 Ontario Inc. (the “Minority Shareholder”), a private Ontario company, to acquire the remaining 49.9% interest (the “Minority Interest”) in High Tide’s majority-owned subsidiary, KushBar Inc. (“KushBar”). Pursuant to the definitive agreement, High Tide, which held a controlling interest of 50.1% in KushBar, acquired the Minority Interest in a transaction (the “Transaction”) that resulted in KushBar becoming a wholly owned subsidiary of High Tide. The consideration paid for the minority interest was by the issuance of a secured convertible debenture in the principal amount of approximately \$700 to settle the shareholder loan and 2,645,503 number of common shares in the capital of High Tide (“Shares”) having an aggregate fair value of \$500, with each common share priced at the 10-day volume weighted average trading price of the shares on the CSE immediately prior to the closing date.

The book value of the non-controlling interest at the time of the purchase was negative \$187. The incremental amount of the fair value of the consideration paid over the book value of the non-controlling interest at December 10, 2019, of \$687 was recognized as an adjustment to accumulated deficit.

5. Revenue from Contracts with Customers

For the three months ended April 30, 2020		Retail	Wholesale	Corporate	Total
		\$	\$	\$	\$
Primary geographical markets					
	Canada	15,707	773	90	16,570
	USA	1,888	888	-	2,776
	International	226	-	-	226
Total revenue		17,821	1,661	90	19,572
Major products and services					
	Cannabis	14,371	-	-	14,371
	Smoking accessories	2,784	1,575	-	4,359
	Franchise royalties and fees	125	-	88	213
	Other revenue	541	86	2	629
Total revenue		17,821	1,661	90	19,572
Timing of revenue recognition					
	Transferred at a point in time	17,821	1,661	90	19,572
Total revenue		17,821	1,661	90	19,572

For the six months ended April 30, 2020		Retail	Wholesale	Corporate	Total
		\$	\$	\$	\$
Primary geographical markets					
	Canada	26,419	1,643	307	28,369
	USA	3,081	1,395	-	4,476
	International	386	-	-	386
Total revenue		29,886	3,038	307	33,231
Major products and services					
	Cannabis	23,972	-	-	23,972
	Smoking accessories	4,814	2,895	-	7,709
	Franchise royalties and fees	501	-	295	796
	Other revenue	599	143	12	754
Total revenue		29,886	3,038	307	33,231
Timing of revenue recognition					
	Transferred at a point in time	29,886	3,038	307	33,231
Total revenue		29,886	3,038	307	33,231

6. Intangible Assets and Goodwill

	Software	Licenses	Lease buy-out	Brand Name	Goodwill	Total
Cost	\$	\$	\$	\$	\$	\$
Balance, October 31, 2018	159	-	777	-	-	936
Additions	553	-	1,780	-	-	2,333
Additions from business combinations	1,136	2,594	-	1,539	9,066	14,335
Impairment loss	-	-	-	-	(4,600)	(4,600)
Balance, October 31, 2019	1,848	2,594	2,557	1,539	4,466	13,004
Additions ⁽ⁱ⁾	289	-	104	-	-	393
Additions from business combinations (Note 3)	-	5,129	-	-	2,761	7,890
Impairment loss	-	-	-	-	-	-
Balance, April 30, 2020	2,137	7,723	2,661	1,539	7,227	21,287
Accumulated depreciation						
Balance, October 31, 2018	2	-	-	-	-	2
Amortization	109	75	191	-	-	375
Balance, October 31, 2019	111	75	191	-	-	377
Amortization	143	289	151	-	-	583
Balance, April 30, 2020	254	364	342	-	-	960
Foreign currency translation						
Balance, October 31, 2018	-	-	-	-	-	-
Recorded in other comprehensive loss	60	-	-	57	336	453
Balance, October 31, 2019	60	-	-	57	336	453
Recorded in other comprehensive loss	(1)	-	-	(1)	8	6
Balance, April 30, 2020	59	-	-	56	344	459
Net book value						
Balance at October 31, 2018	157	-	777	-	-	934
Balance, October 31, 2019	1,677	2,519	2,366	1,482	4,130	12,174
Balance, April 30, 2020	1,824	7,359	2,319	1,483	6,883	19,868

- (i) On March 2, 2020, the Company acquired a lease for a cannabis retail store located in Canmore, Alberta ("Canmore"). The total consideration paid to acquire the lease was \$104, which was paid by issuance of 612,764 common shares of High Tide with a fair value of \$104. The Company has begun the process of converting the Store to a Canna Cabana retail location for the sale of recreational cannabis, subject to inspection and licensing by Alberta Gaming, Liquor and Cannabis.

7. Property and Equipment

	Office equipment and computers	Leasehold improvements	Vehicles	Buildings	Total
	\$	\$	\$	\$	\$
Cost					
Balance, October 31, 2018	193	3,609	167	145	4,114
Additions	196	6,823	-	2,655	9,674
Additions from business combinations	63	293	-	-	356
Impairment loss	-	(220)	-	-	(220)
Balance, October 31, 2019	452	10,505	167	2,800	13,924
Additions	134	493	-	-	627
Additions from business combinations (Note 3)	31	911	-	-	942
Impairment loss ⁽ⁱ⁾	(8)	(239)	-	-	(247)
Balance, April 30, 2020	609	11,670	167	2,800	15,246
Accumulated depreciation					
Balance, October 31, 2018	49	325	142	-	516
Depreciation	78	940	6	2	1,026
Balance, October 31, 2019	127	1,265	148	2	1,542
Depreciation	31	887	2	5	925
Balance, April 30, 2020	158	2,152	150	7	2,467
Net book value					
Balance, October 31, 2018	144	3,284	25	145	3,598
Balance, October 31, 2019	325	9,240	19	2,798	12,382
Balance, April 30, 2020	451	9,518	17	2,793	12,779

- (i) During the three months ended April 30, 2020, the Company undertook a strategic shift with regards to its retail operations. As a result of the strategic shift, one of the retail locations in Lloydminster was closed permanently which resulted in an impairment of \$247.

8. Prepaid expenses and deposits

As at	April 30, 2020	October 31, 2019
	\$	\$
Business acquisition deposit	100	300
Deposits on cannabis retail outlets	1,542	1,380
Prepaid interest, insurance and other	2,075	1,833
Prepayment on purchases	597	385
Total	4,314	3,898
Less current portion	(2,772)	(2,518)
Long-term	1,542	1,380

9. Trade and other receivables

As at	April 30, 2020	October 31, 2019
	\$	\$
Trade accounts receivable	1,259	1,066
Sales tax receivable	159	162
Other receivables ⁽ⁱ⁾	826	1,157
Total	2,244	2,385

- (i) Other receivables balance of \$826 primarily consists of royalties earned from Ontario licensees.

10. Convertible Debentures

- i. On November 28, 2018, the Company entered into an agreement for a brokered private placement for the sale of up to 20,000 unsecured convertible debentures of the Company, at a price of \$1 per debenture for gross proceeds of up to \$20,000. 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 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 \$618 in issue costs in relation to the first closing which included the 504,733 broker warrants valued at \$93 using Black-Scholes model with the following assumptions: stock price of \$0.36; expected life of 2 years; \$Nil dividends; 130% volatility; and risk-free interest rate of 1.60%. Each broker warrant is exercisable for one common share of the Company at a price of \$0.75 per share until December 11, 2020.

Management calculated the fair value of the liability component as \$8,907 using a discount rate of 22%, with the residual amount of \$2,422 net of deferred tax of \$654 being allocated to the conversion feature recorded in equity. The Company incurred \$618 in debt issuance cost, \$486 was allocated to debt component and the remaining \$132 to the equity.

- ii. On April 10, 2019, the Company closed the first tranche of the sale of unsecured convertible debentures of the Company under a non-brokered private placement for gross proceeds of \$8,360. The outstanding principal amount is convertible at any time before maturity at the option of the holder, into common shares of the Company at a conversion price of \$0.75 per share and mature two years from the closing of the private placement. Under the private placement, the Company also issued common share purchase 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 \$50 in legal costs which was paid by the issuance of 100,000 shares with a fair value of \$0.50 per share. The debentures bear interest at a rate of 10% per annum, payable annually upfront in common shares of High Tide based on the 10-day volume weighted average price of \$0.48 prior to the closing date of the private placement. Concurrent with the issuance of the debentures, the Company paid the annual amount of interest due to holders upfront in the form of 1,752,621 Shares.

Management calculated the fair value of the liability component as \$7,138 using a discount rate of 22%, with the residual amount of \$1,222 net of deferred tax of \$330 being allocated to warrants, recorded in equity. The Company incurred \$58 in debt issuance cost, \$50 being allocated to debt component and the remaining \$8 to the warrants.

On December 4, 2019, the Company repaid \$1,500 and on April 1, 2020, the Company repaid \$367 towards the principal of the convertible debt. During, the six months ended April 30, 2020 the Company recognized \$186 loss on extinguishment of debenture.

- iii. On June 17, 2019, the Company closed the final tranche of the sale of unsecured convertible debentures of the Company under the non-brokered private placement for gross proceeds of \$3,200. The outstanding principal amount is convertible at any time before maturity at the option of the holder, into common shares of the Company at a conversion price of \$0.75 per share and mature two years from the closing of the offering. Under the offering, the Company also issued common share purchase warrants such that each subscriber received one warrant for each \$0.75 original principal amount of its debenture, resulting in 4,266,667 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 debentures will bear interest at a rate of 10% per annum, payable annually upfront in common shares of High Tide based on the 10-day volume weighted average price of \$0.384 prior to the closing date of the offering. Concurrent with the final tranche issuance of the debentures, the Company paid the annual amount of interest due to holders upfront in the form of 855,615 Shares.

Management calculated the fair value of the liability component as \$2,732 using a discount rate of 22%, with the residual amount of \$468 net of deferred tax of \$128 being allocated to warrants, recorded in equity.

10. Convertible Debentures (continued)

- iv. On November 14, 2019, the Company closed the sale of unsecured convertible debentures of the Company under the non-brokered private placement for gross proceeds of \$2,000. The outstanding principal amount is convertible at any time before maturity at the option of the holder, into common shares of the Company at a conversion price of \$0.252 per share and mature two years from the closing of the offering. Under the offering, the Company also issued common share purchase warrants such that each subscriber received one warrant for each \$0.252 original principal amount of its debenture, resulting in 7,936,057 warrants being issued as part of the offering. Each warrant entitles the holder to acquire one share at an exercise price of \$0.50 per share for two years from the date of issuance. The debentures will bear interest at a rate of 10% per annum, payable annually upfront in common shares of High Tide based on the 10-day volume weighted average price of \$0.255 prior to the closing date of the offering. Concurrent with the final tranche issuance of the debentures, the Company paid the annual amount of interest due to holders upfront in the form of 784,314 Shares.

Management calculated the fair value of the liability component as \$1,707 using a discount rate of 22%, with the residual amount of \$292 net of deferred tax of \$79 being allocated to warrants, recorded in equity.

- v. On December 4, 2019, the Company closed the sale of unsecured convertible debentures of the Company under the non-brokered private placement for gross proceeds of \$2,115. The outstanding principal amount is convertible at any time before maturity at the option of the holder, into common shares of the Company at a conversion price of \$0.252 per share and mature two years from the closing of the offering. Under the offering, the Company also issued common share purchase warrants such that each subscriber received one warrant for each \$0.252 original principal amount of its debenture, resulting in 8,392,857 warrants being issued as part of the offering. Each warrant entitles the holder to acquire one share at an exercise price of \$0.50 per share for two years from the date of issuance. The debentures will bear interest at a rate of 10% per annum, payable annually upfront in common shares of High Tide based on the 10-day volume weighted average price of \$0.208 prior to the closing date of the offering. Concurrent with the final tranche issuance of the debentures, the Company paid the annual amount of interest due to holders upfront in the form of 1,016,826 Shares. An advising fee of \$3 was paid in connection to the convertible debt.

Management calculated the fair value of the liability component as \$1,806 using a discount rate of 22%, with the residual amount of \$309 net of deferred tax of \$83 being allocated to warrants, recorded in equity.

- vi. On December 12, 2019, the Company issued \$700, to acquire the remaining 49.9% interest (the “Minority Interest”) in HighTide’s majority-owned subsidiary, KushBar Inc. Pursuant to the definitive agreement, High Tide, which held a controlling interest of 50.1% in KushBar, acquired the Minority interest in a transaction (the “Transaction”) that resulted in KushBar becoming a wholly owned subsidiary of High Tide. The outstanding principal amount is convertible at any time before maturity at the option of the holder, into common shares of the Company at a conversion price of \$0.25 per share and mature two years from the closing of the offering. The debentures do not bear any interest rate. However, that any principal amount outstanding following the maturity date will bear interest at a rate of 10% per annum until repaid. If, following the expiry of all hold periods imposed by applicable Canadian securities laws, the volume-weighted average trading price of the common shares on the CSE exceeds \$0.30 for a period of 30 consecutive days, High Tide will be entitled to, subject to certain other conditions being met, cause the holder to convert all or part of the outstanding principal amount of the debenture into common shares. In addition, if at any time during the term thereof, High Tide issues securities at a price deemed lower than the conversion price then in effect, then, subject to certain other conditions, such conversion price will be adjusted downward to such lower price.

In accordance with IFRS 9, the equity conversion option embedded in the convertible debenture was determined to be a derivative liability, which has been recognized separately at its fair value of \$461. Subsequent changes in fair value of the equity conversion option will be recognized through profit and loss (i.e. FVTPL). The equity conversion option was classified as a derivative liability as it can be settled through the issuance of a variable number of shares, cash or a combination thereof, based on the trading price at the time of settlement. The fair value of the equity conversion option was determined using the a monte-carlo simulation and the following assumptions: stock price: \$0.17; expected life of 2 year; \$nil dividends; expected volatility of 111% based on comparable companies; exercise price of \$0.25; and risk-free interest rate of 1.65%. The debt host has been recognized at its amortized cost of \$239, which represents the remaining fair value allocated from the amount of shareholder loan settled of \$700. As of April 30, 2020, the conversion option had a fair value of \$368 and the Company recognized a \$102 unrealized gain on the derivative liability for the three months ended April 30, 2020 and \$111 in unrealized gain for the six months ended April 30, 2020. The fair value of the equity conversion option was determined using the a monte-carlo simulation and the following assumptions: stock price: \$0.14; expected life of 1.63 year; \$nil dividends; expected volatility of 111% based on comparable companies; exercise price of \$0.25; and risk-free interest rate of 1.65%.

10. Convertible Debentures (continued)

- vii. On December 14, 2019, the Company issued \$2,000 in convertible debt to settle the put option related to Grasscity acquisition valued at \$2,121 as of October 31, 2019. The outstanding principal amount is convertible at any time before maturity at the option of the holder, into common shares of the Company at a conversion price of \$0.252 per share and mature two years from the closing of the offering. Under the offering, the Company also issued common share purchase warrants such that each subscriber received one warrant for each \$0.252 original principal amount of its debenture, resulting in 7,936,508 warrants being issued as part of the offering. Each warrant entitles the holder to acquire one share at an exercise price of \$0.50 per share for two years from the date of issuance. The debentures will bear interest at a rate of 10% per annum, payable annually upfront in common shares of High Tide based on the 10-day volume weighted average price of \$0.175 prior to the closing date of the offering. Concurrent with the final tranche issuance of the debentures, the Company paid the annual amount of interest due to holders upfront in the form of 1,142,857 Shares.

Management calculated the fair value of the liability component as \$1,708 using a discount rate of 22%, with the residual amount of \$292 net of deferred tax of \$79 being allocated to warrants, recorded in equity.

- viii. On January 6, 2020, the Company entered into a loan agreement with Windsor Private Capital (“Windsor”), a Toronto-based merchant bank, for a senior secured, non-revolving term credit facility (“the Facility”) in the amount of up to \$10,000. The Company will have immediate access to an initial \$6,000, that can be drawn down at Company’s discretion, and subject to satisfaction of certain conditions, will provide the Company with access to an additional \$4,000. Provided that certain conditions are satisfied, the Facility will automatically extend for an additional one-year term. The principal amount advanced under the facility is convertible, during its term at any time after an initial 6 month hold period, and at Windsor’s option, into common shares in the capital of the Company at a conversion price of \$0.17 per share and mature one year from the closing of the offering. The conversion price is subject to downward adjustment if the Company, at any time during the term of the facility, issues securities at a price deemed lower than the conversion price then in effect. Pursuant to the loan agreement, Windsor is entitled to a one-time placement fee equal to 3.5% of the initial Facility amount, which the Company capitalized into the principal amount advanced under the Facility. Under the offering, the Company also issued common share purchase warrants such that each subscriber received one warrant for each \$0.17 original principal amount of its debenture, resulting in 35,294,117 warrants being issued as part of the offering. Each warrant entitles the holder to acquire one share at an exercise price of \$0.255 per share for two years from the date of issuance. Amounts drawn down under the facility will bear interest at a rate of 11.5% per annum, payable monthly, in arrears, on the last day of each calendar month. As of January 31, 2020, the Company withdrew in the amount of \$5,000 from the credit facility. As of April 30, 2020, the Company still have access to unused remaining balance of \$5,000.

Gross proceeds were \$5,000 and net proceeds were \$4,743, net of cash transaction costs of \$257. The gross proceeds were allocated on a relative fair value basis to the warrants for \$327, the host debt component for \$1,571, and the embedded derivatives for \$3,102. In accordance with IFRS 9, the equity conversion option embedded in the convertible debenture was determined to be a derivative liability, which has been recognized separately at its fair value of \$3,102. Subsequent changes in fair value of the equity conversion option will be recognized through profit and loss (i.e. FVTPL). The equity conversion option was classified as a derivative liability as it can be settled through the issuance of a variable number of shares, cash or a combination thereof, based on the trading price at the time of settlement. The fair value of the equity conversion option was determined using the a monte-carlo simulation and the following assumptions: stock price: \$0.16; expected life of 1 year; \$nil dividends; expected volatility of 111% based on comparable companies; exercise price of \$0.25; and risk-free interest rate of 1.65%. Management elected to capitalize transaction costs, which are directly attributable to the issuance of the loan agreement. As of April 30, 2020, the conversion option had a fair value of \$3,020 and the Company recognized a \$227 unrealized loss on the derivative liability for the three months ended April 30, 2020 and \$82 in unrealized gain for the six months ended April 30, 2020. The fair value of the equity conversion option was determined using the a monte-carlo simulation and the following assumptions: stock price: \$0.14; expected life of 0.68 year; \$nil dividends; expected volatility of 111% based on comparable companies; exercise price of \$0.25; and risk-free interest rate of 1.65%.

10. Convertible Debentures (continued)

As at	April 30, 2020	October 31, 2019
	\$	\$
Convertible debentures, beginning of year	19,664	-
Cash advances from debt	9,115	22,890
Debt issuance to settle liabilities	2,700	-
Debt issuance costs paid in cash	(260)	(471)
Debt issuance costs paid in equity instruments	-	(93)
Transfer of warrants component to equity	(979)	(1,690)
Transfer of conversion component to equity	(241)	(2,422)
Transfer of conversion component to derivative liability	(3,346)	-
Repayment of debt	(1,867)	-
Accretion on convertible debentures	2,157	1,450
Total	26,943	19,664
Less current portion	(18,529)	-
Long-term	8,414	19,664

11. Finance and other costs

Finance and other costs are comprised of the following:

	Three months ended April 30		Six months ended April 30	
	2020	2019	2020	2019
	\$	\$	\$	\$
Accretion expense - convertible debenture	1,312	97	2,157	97
Accretion expense - notes payable	35	-	56	-
Interest on convertible debenture	843	134	1,405	134
Interest on notes payable	82	-	164	-
Accretion of lease liability	359	-	664	-
Transaction costs	149	-	171	142
Acquisition costs	24	-	624	-
Total	2,804	231	5,241	373

12. Deferred liability

On February 14, 2020, the Company entered into an asset sale agreement with Halo Labs Inc. ("Halo"), under which High Tide will sell its KushBar retail cannabis assets and the rights to 5 permitted retail cannabis stores (the "Portfolio") to Halo for \$12,000, payable in the form of 46,153,846 common shares of Halo at deemed price of \$0.26 per share, of which \$3,500 has been paid to the Company as a non-refundable deposit, which have been recorded as deferred liability, as the transaction is subject to regulatory approval. During the three months ended April 30, 2020, the Company sold 10,168,500 common shares of Halo for \$1,458 and recognized \$1,186 loss on sale of these common shares. The remaining 3,293,038 shares were valued at April 30, 2020 at \$379 which resulted in a unrealized loss of \$477.



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13. Notes payable

On May 23, 2019, the Company acquired all of the issued and outstanding shares of Dreamweavers for aggregate consideration of \$3,094 which included 3,100,000 common shares with a fair value of \$1,147, 1,550,000 purchase warrants exercisable at \$0.75 per common share of High Tide and notes payables of \$300 repayable over five years with zero interest rate due at each anniversary date. Notes payable was valued at \$102 by discounting it over five years at market interest rate of 22%. During the three-month ended April 30, 2020, the Company incurred accretion of \$9.

On June 26, 2019, the Company purchased a building in Niagara, Ontario, for the purpose of opening a Canna Cabana retail location. The consideration for the building consisted of \$754 in cash, out of which \$54 was legal fees, a \$1,600 vendor take back loan, and \$300 paid in shares. The loan has a twelve-month term and bears an interest rate of 5.5% per annum payable monthly with a maturity date of June 30th, 2020.

On September 4, 2019, the Company entered into a \$2,000 term loan agreement with a private lender. The loan had a twelve-month term and carried an interest rate of 12% per annum payable monthly. In connection with the advance of the loan, the Company issued 1,600,000 warrants to the lender. Each warrant is redeemable for one common share in the capital of the Company at a price of \$0.85 per Common Share for a period of two years from the date of the loan agreement. Management calculated the fair value of the liability component as \$1,895 using a discount rate of 22%, with the residual amount of \$105 being allocated to warrants, recorded in equity. During the three-month ended April 30, 2020, the Company incurred accretion of \$12. The loan was personally guaranteed by the CEO.

On February 21, 2020, the Company completed the acquisition of 102088460 Saskatchewan Ltd. ("102088460") which operated a licensed retail cannabis store in Tisdale, Saskatchewan. As consideration for the acquisition, the Company paid to the vendor \$200 in cash, \$500 in the form of a promissory note due six months from the time of closing of the transaction and issued to the vendor 5,000,000 common shares in the capital of the Company. In connection with the transaction, the Company acquired all the issued and outstanding shares of 102088460. The note payable has been recorded at its fair value of \$470 by discounting it over six months at a market interest rate of 22%. During the three-months ended April 30, 2020, the Company incurred accretion of \$14.

The Company obtained a government loan under the Canada Emergency Response Benefit, part of Canada's COVID-19 economic response plan. The loan bears no interest and has a maturity date of December 31, 2022.

As at	April 30, 2020	October 31, 2019
		\$
Vendor loan	1,600	1,600
Term loan	1,935	1,910
Acquisition - Dreamweavers - notes payable	140	122
Acquisition - 102088460 – promissory note	484	-
Government loan	200	-
Total	4,359	3,632
Less current portion	(4,079)	(3,570)
Long-term	280	62

14. Derivative Liability

The put option issued on the Grasscity acquisition on December 19, 2018 was initially measured at \$2,853 using a monte-carlo simulation and the following assumptions: stock price: \$0.3623; expected life of 1 year; \$nil dividends; expected volatility of 126% based on comparable companies; exercise price of \$0.50; and risk-free interest rate of 1.65%. On October 31, 2019, the Company revalued the fair value of the derivative liability and recognized an unrealized gain of \$732 in the consolidated statements of loss and other comprehensive loss. The derivative liability was revalued to \$2,121 using monte-carlo simulation and the following assumptions: stock price: \$0.25; expected life of 1 year; \$nil dividends; expected volatility of 92% based on comparable companies; exercise price of \$0.50; and risk-free interest rate of 1.65%. On December 14, 2019, the Company settled the derivative liability of \$2,121 by issuance of \$2,000 convertible debt and recognized a gain of \$121 as revaluation of derivative liability.



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15. Share Capital

(a) Issued:

Common shares:

	Number of shares	Amount
	#	\$
Balance, October 31, 2018	151,749,914	35,695
Issued upon listing of securities	36,728,474	13,051
Issued upon closing of Grasscity acquisition	8,410,470	3,047
Issued to pay fees in shares	4,042,203	1,607
Issued to pay interest via shares	2,608,236	1,156
Reduction in share capital	-	(29,699)
Issued upon closing of Dreamweavers acquisition	3,100,000	1,147
Share-based compensation	200,000	71
Exercise - broker warrants	7,590	3
Issued upon closing of Jasper Ave. acquisition	559,742	205
Balance, October 31, 2019	207,406,629	26,283
Issued to pay fees in shares (i)	3,852,319	860
Issued to pay interest via shares (Note 7)	4,910,668	848
Acquisition - KushBar (Note 3)	2,645,503	500
Acquisition - Hamilton (Note 3)	4,761,905	1,100
Acquisition - Sudbury (Note 3)	5,319,149	1,218
Acquisition - Tisdale (Note 3)	5,000,000	975
Asset acquisition - Canmore (Note 6)	612,764	104
Balance, April 30, 2020	234,508,937	31,888

- (i) During the six months ended April 30, 2020, the Company settled payables of \$860 through issuance of 3,852,319 common shares of the Company.

16. 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. All options that are outstanding will expire upon maturity, or earlier, if the optionee ceases to be a director, officer, employee or consultant or there is a merger, amalgamation or change in control of the Company. Generally, one-fourth vesting immediately, one-fourth twelve months after the option grant date, one-fourth eighteen months after the option grant date and one-fourth twenty-four months after the option grant date. 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, 2020		October 31, 2019	
	Number of options	Weighted Average Exercise Price (\$)	Number of options	Weighted Average Exercise Price (\$)
Balance, beginning of year	10,610,000	0.50	-	-
Granted	200,000	0.50	12,410,000	0.50
Forfeited	(750,000)	0.50	(1,800,000)	0.50
Balance, end of period	10,060,000	0.50	10,610,000	0.50
Exercisable, end of period	6,706,250	0.50	5,966,875	0.50

For the six months ended April 30, 2020, the Company recorded share-based compensation of \$98 (2019 -\$1,822) related to stock options.

17. Warrants

	Number of warrants	Amount	Weighted average exercise price	Weighted average number of years to expiry	Expiry dates
	#	\$	\$		
Balance, October 31, 2018	4,252,620	906	0.3773	0.21	
Special warrants converted into units November 27, 2018	18,364,236	3,853	0.7500	0.27	November 26, 2020
Issued to brokers for financing	504,733	93	0.7500	0.01	December 10, 2020
Issued warrants on Convertible debt April 18, 2019	11,146,667	885	0.8500	0.25	April 17, 2021
Issued warrants for acquisition - Dreamweavers	1,550,000	295	0.7500	0.04	May 22, 2021
Issued warrants on convertible debt June 17, 2019	4,266,667	340	0.8500	0.11	June 16, 2021
Issued warrants for services	2,000,000	132	0.5000	0.04	March 21, 2021
Issued warrants on debt September 04, 2019	1,600,000	105	0.8500	0.05	September 3, 2021
Warrants exercised	(7,590)	-	-	-	-
Balance, October 31, 2019	43,677,333	6,609	0.6083	0.98	
Issued warrants for services ⁽ⁱ⁾	300,000	63	0.3800	0.00	September 3, 2021
Issued warrants for services ⁽ⁱⁱ⁾	3,500,000	390	0.3000	0.04	November 12, 2021
Issued warrants for services ⁽ⁱⁱⁱ⁾	1,000,000	111	0.3000	0.01	November 12, 2021
Issued warrants on Convertible debt November 14, 2019 (Note 10)	7,936,507	213	0.5000	0.09	November 14, 2021
Issued warrants on Convertible debt December 4, 2019 (Note 10)	8,392,857	226	0.5000	0.10	December 4, 2021
Issued warrants on Convertible debt December 14, 2019 (Note 10)	7,936,508	213	0.5000	0.09	December 12, 2021
Issued warrants on Convertible debt January 06, 2020 (Note 10)	58,823,529	327	0.2550	0.73	January 6, 2022
Issued warrants for acquisition - Saturninus Partners (Note 3)	3,750,000	316	0.4000	0.05	January 26, 2022
Balance, April 30, 2020	135,316,734	8,468	0.4188	2.09	

- i) The Company issued 300,000 warrants for business development consultancy. Each warrant will allow the holder to acquire one common share at \$0.38. The warrants were valued at \$63 using the Black-Scholes model as, the fair value of the services provided cannot be measured reliably and the following assumptions were used: stock price of \$0.37; expected life of two years; \$nil dividends; expected volatility of 111% based on comparable companies; exercise price of \$0.38; and a risk-free interest rate of 1.6%.
- ii) The Company issued 3,500,000 warrants for business development consultancy. Each warrant will allow the holder to acquire one common share at \$0.30. The warrants were valued at \$390 using the Black-Scholes model as, the fair value of the services provided cannot be measured reliably and the following assumptions were used: stock price of \$0.22; expected life of two years; \$nil dividends; expected volatility of 111% based on comparable companies; exercise price of \$0.30; and a risk-free interest rate of 1.6%.
- iii) The Company issued 1,000,000 warrants for business development consultancy. Each warrant will allow the holder to acquire one common share at \$0.30. The warrants were valued at \$111 using the Black-Scholes model as, the fair value of the services provided cannot be measured reliably and the following assumptions were used: stock price of \$0.22; expected life of two years; \$nil dividends; expected volatility of 111% based on comparable companies; exercise price of \$0.30; and a risk-free interest rate of 1.6%.

As at April 30, 2020, 135,316,734 warrants were exercisable.

18. Loss Per Share

	Three months ended April 30		Six months ended April 30	
	2020	2019	2020	2019
Net Loss for the period	\$ (5,046)	\$ (3,319)	\$ (8,898)	\$ (7,140)
Non-controlling interest	-	33	8	75
(Net Loss) for the period attributable to owners of the Company	(5,046)	(3,286)	(8,890)	(7,065)
	#	#	#	#
Weighted average number of common shares - basic and diluted	219,221,313	199,452,996	213,832,523	199,452,996
Basic (loss) per share	(0.02)	(0.02)	(0.04)	(0.04)
Dilutive (loss) per share ⁽ⁱ⁾	(0.02)	(0.02)	(0.04)	(0.04)

- (i) The Company did not have any options, warrants or other potential dilutive common share instruments outstanding during the period ended April 30, 2020.

19. 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 22 of the audited consolidated financial statements of the company for the year ended October 31, 2019 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 and cash equivalents, trade receivable, marketable securities and loans receivable. The credit risk relating to cash and cash equivalents balance is limited because the counterparties are large commercial banks. The amount reported for trade receivable in the statement of financial position is net of expected credit loss and the net carrying value represents the Company's maximum exposure to credit risk. Trade 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.

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19. Financial Instruments and Risk Management (continued)

The following table sets forth details of the aging profile of trade accounts receivable and the allowance for expected credit loss:

As at	April 30, 2020	October 31, 2019
	\$	\$
Current (for less than 30 days)	843	650
31 – 60 days	41	99
61 – 90 days	181	80
Greater than 90 days	507	1,876
Less allowance	(313)	(1,639)
	1,259	1,066

During the six month period ended April 30, 2020, \$1,326 in trade receivables were written off against the loss allowance due to bad debts (year ended October 31, 2019 – \$100). 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. In determining the expected credit loss amount, the Company considers the customer's financial position, payment history and economic conditions. For the period ended April 30, 2020, management reviewed the estimates and have not created any additional loss allowances on trade receivable.

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, equity and debt financings to provide sufficient liquidity to meet budgeted operating requirements and to supply capital to expand its operations. The Company continues to seek capital to meet current and future 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, 2019				
Accounts payable and accrued liabilities	4,408	4,408	-	-
Notes payable	3,632	3,570	62	-
Shareholder loans	701	701	-	-
Convertible debentures	19,664	-	19,664	-
Total	28,405	8,679	19,726	-
April 30, 2020				
Accounts payable and accrued liabilities	6,375	6,375	-	-
Notes payable	4,359	4,079	280	-
Convertible debentures	26,726	18,312	8,414	-
Total	37,460	28,766	8,694	-

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.

19. Financial Instruments and Risk Management (continued)

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, 2020 was as follows:

<i>(Canadian dollar equivalent amounts of US dollar and Euro balances)</i>	April 30, 2020 (Euro)	April 30, 2020 (USD)	April 30, 2020 Total	October 31, 2019
	\$	\$	\$	\$
Cash	58	586	644	252
Accounts receivable	8	190	198	421
Accounts payable and accrued liabilities	(875)	(601)	(1,476)	(998)
Net monetary assets	(809)	175	(634)	(325)

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 +/- \$9 (October 31, 2019 - \$11). 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 +/- \$40 (October 31, 2019 - \$17). To date, the Company has not entered into financial derivative contracts to manage exposure to fluctuations in foreign exchange rates.

20. 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. The reportable segments are managed separately because of the unique characteristics and requirements of each business.

	Retail	Retail	Wholesale	Wholesale	Corporate	Corporate	Total	Total
For the three months ended April 30,	2020	2019	2020	2019	2020	2019	2020	2019
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Total Revenue	17,821	4,776	1,661	1,792	90	28	19,572	6,596
Gross margin	6,726	1,597	572	726	90	28	7,388	2,351
Income (loss) from operations	1,658	(1,520)	(356)	(227)	(1,245)	(2,604)	57	(4,351)
Net (loss) Income	1,025	(1,156)	(361)	(1,023)	(5,710)	(1,140)	(5,046)	(3,319)

Total assets	48,504	32,350	5,456	4,819	19,195	3,574	73,155	40,743
Total liabilities	22,351	4,521	1,399	672	41,430	26,143	65,180	31,336

	Canada	Canada	USA	USA	Europe	Europe	Total	Total
For the three months ended April 30,	2020	2019	2020	2019	2020	2019	2020	2019
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Total Revenue	17,490	5,245	-	-	2,082	1,351	19,572	6,596
Gross margin	6,192	1,690	-	-	1,196	661	7,388	2,351
Income (loss) from operations	(43)	(4,115)	(204)	-	304	(236)	57	(4,351)
Net (loss) Income	(5,179)	(3,083)	(225)	-	358	(236)	(5,046)	(3,319)

Total assets	68,770	33,894	1,217	-	3,168	6,849	73,155	40,743
Total liabilities	63,162	30,830	799	-	1,219	506	65,180	31,336

	Retail	Retail	Wholesale	Wholesale	Corporate	Corporate	Total	Total
For the six months ended April 30,	2020	2019	2020	2019	2020	2019	2020	2019
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Total Revenue	29,886	7,674	3,038	3,894	307	28	33,231	11,596
Gross margin	10,816	2,639	1,043	1,474	306	27	12,165	4,140
Income (loss) from operations	1,194	(2,807)	(732)	(416)	(2,348)	(5,989)	(1,886)	(9,212)
Net (loss) Income	406	(2,197)	(761)	(1,180)	(8,543)	(3,763)	(8,898)	(7,140)

	Canada	Canada	USA	USA	Europe	Europe	Total	Total
For the six months ended April 30,	2020	2019	2020	2019	2020	2019	2020	2019
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Total Revenue	29,731	9,601	-	-	3,500	1,995	33,231	11,596
Gross margin	10,238	3,188	-	-	1,927	952	12,165	4,140
Income (loss) from operations	(1,616)	(8,850)	(386)	-	116	(362)	(1,886)	(9,212)
Net (loss) Income	(8,633)	(6,779)	(429)	-	164	(361)	(8,898)	(7,140)

21. Related Party Transactions

As at April 30, 2020, 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

Included in the convertible debenture issued on December 12, 2018, was an investment by CannalIncome Fund Corporation for a total subscription amount of \$250, whose CEO is a director of the Company.

Operational transactions

An office and warehouse unit, approximately 27,000 square feet, 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. 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 subsidiary of High Tide Inc.

A director of the Company was engaged to provide legal services to the Company. During the six months ended April 30, 2020, the Company's expenses included \$67 (2019 - \$92) related to these services.

22. Right of Use Assets and Lease Obligations

The Company entered into various lease agreements predominantly to execute its retail platform strategy. The Company leases properties such as various retail stores and offices. Lease contracts are typically made for fixed periods of 5 to 10 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Right of use assets	
	\$
Balance at November 1, 2019	19,638
Net additions	308
Depreciation expense for the period	(1,665)
Balance at April 30, 2020	18,281
Lease Liabilities	
	\$
Balance at November 1, 2019	19,543
Net additions	478
Cash outflows in the period	(2,139)
Accretion (Interest) expense for the period ended	664
Balance at April 30, 2020	18,546
Current	(4,578)
Non-current	13,968

The following is a summary of the contractual undiscounted cash outflows for lease obligations as of April 30, 2020:

	\$
Less than one year	4,353
Between one and five years	13,972
Greater than five years	3,088
	21,413

23. 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.

24. Non-controlling interest

On December 10, 2019, the Company entered into a definitive share purchase agreement with 2651576 Ontario Inc. (the “Minority Shareholder”), a private Ontario company, to acquire the remaining 49.9% interest (the “Minority Interest”) in High Tide’s majority-owned subsidiary, KushBar Inc. (“KushBar”). Pursuant to the definitive agreement, High Tide, which held a controlling interest of 50.1% in KushBar, acquired the Minority Interest in a transaction (the “Transaction”) that resulted in KushBar becoming a wholly owned subsidiary of High Tide. The net change in the non-controlling interests for the six months ended April 30, 2020, were as follows:

	\$
As at October 31, 2019	(179)
Net Income	(8)
Purchase of non-controlling interest	187
As at April 30, 2020	-

25. Subsequent events

On June 15, 2020, the Company issued an aggregate of 1,871,343 common shares of High Tide (“Interest Shares”) to certain holders of unsecured convertible debentures of the Company, in satisfaction of the annual amount of interest due to the holders.