



FOR IMMEDIATE RELEASE

High Tide Reports First Quarter 2021 Financial Results Featuring a 179% Increase in Revenue and Record Adjusted EBITDA of \$4.6 Million

Calgary, AB, March 31, 2021 / CNW / – High Tide Inc. (“**High Tide**” or the “**Company**”) (TSXV: HITI) (OTCQB: HITIF) (FRA:2LY), a retail-focused cannabis corporation enhanced by the manufacturing and distribution of consumption accessories, filed its financial results for the first fiscal quarter of 2021 ending January 31, 2021, the highlights of which are included in this news release. The full set of Condensed Interim Consolidated Financial Statements and Management’s Discussion and Analysis can be viewed by visiting High Tide’s website at www.hightideinc.com, its profile page on SEDAR at www.sedar.com.

First Quarter 2021 – Financial Highlights:

- Revenue increased by 179% to \$38.3 million in the first quarter of 2021 compared to \$13.7 million in the same quarter last year. The first quarter of 2021 financial results incorporate the acquisition of META Growth Corp. on November 18, 2020.
- Gross profit increased by 208% to \$14.8 million in the first quarter of 2021 compared to \$4.8 million in the same quarter last year.
- Gross profit margin in the first quarter of 2021 was 39% compared to 35% in the same quarter last year.
- Adjusted EBITDA⁽¹⁾ for the first quarter of 2021 was \$4.6 million compared to negative \$0.8 million for same quarter last year.
- Geographically in the first quarter of 2021, \$34.2 million of revenue was earned in Canada, \$3.9 million in the United States and \$0.2 million internationally.
- Segment-wise in the first quarter of 2021, \$36.8 million of revenue was generated by Retail, \$1.5 million by Wholesale, and an immaterial amount by Corporate.
- Cash on hand as at January 31, 2021 totaled \$16.6 million compared to \$7.5 million as at October 31, 2020. The Company’s cash balance has subsequently increased to approximately \$33 million as of today.

“I am extremely proud of our team for delivering the highest quarterly profit in High Tide’s history. Despite facing the same challenges that all retailers have confronted during this pandemic, we recently crossed the 80-store milestone across Canada. Between the commencement of our application to list on the Nasdaq and the subsequent filing of the 40-F form with the SEC, and securing the acquisition of Smoke Cartel, the first quarter of 2021 has seen our team deliver on significant milestones that will drive future growth,” said Raj Grover, President and Chief Executive Officer. “Over the past few months, we have worked diligently to integrate META Growth into the High Tide family and as a result have already achieved 71% of our targeted synergies. As market dynamics continue to evolve in Canada, we are taking aggressive steps to adjust our business model, where appropriate, while pursuing expansion opportunities in the United States and Europe that would have an immediate positive impact on EBITDA,” added Mr. Grover.

Fiscal First Quarter 2021 – Operational Highlights:

- The Company completed the acquisition of META Growth Corp. and became the leading Canadian cannabis retailer by annualized revenue.
- The Company's common shares moved up to the TSX Venture Exchange.
- The Company extended the maturity date on a \$10.0 million credit facility with Windsor Capital to December 31, 2021 with a subsequent one-year extension to December 31, 2022 and a reduction of interest rate from 11.5% to 10.0%.
- The Company entered into a loan agreement for \$6.75 million maturing on December 31, 2024 of an undrawn balance on a \$20.0 million credit facility obtained through the acquisition of META Growth Corp. Additionally, the Company extended maturity of META's existing debt to December 31, 2024 and a reduction of all-inclusive interest rate from 12.5% to 10.0%. As of the date of this press release, the \$6.75 million facility remains undrawn.
- Approximately \$7.4 million of debt converted into the Company's common shares.
- The Company opened three cannabis retail locations under the Canna Cabana and META banners: one in Guelph, Ontario, one in Toronto, Ontario, and one in Calgary, Alberta.

Subsequent Events:

- The Company closed an oversubscribed bought deal equity financing for gross proceeds of \$23 million.
- After the first quarter of 2021, approximately \$23 million of debt converted into the Company's common shares.
- The Company announced filing of Form 40-F with the U.S. Securities and Exchange Commission fulfilling a significant milestone for the NASDAQ listing.
- The Company completed the acquisition of Smoke Cartel, Inc. (OTCQB: SMKC) for US\$8.0 million.
- Between February 1, 2021 and the date of this press release, the Company opened nine cannabis retail locations: seven in Alberta and two in Ontario.
- Through the COVID-19 pandemic, all retail branded locations have remained operational, despite the complex conditions facing the retail industry across Canada. The Company has been nimble and adapted to frequently changing regulations – often at a municipal level – including launching delivery services to continue serving customers.

Selected financial information for the first quarter ended January 31, 2021:

(Expressed in thousands of Canadian Dollars)

	Three Months Ended January 31,		
	2021 \$	2020 \$	% Change
Revenue	38,319	13,715	179%
Gross profit	14,768	4,793	208%
Total operating expenses	(16,813)	(6,910)	143%
Adjusted EBITDA ^(a)	4,602	(821)	NM
Loss from operations	(2,045)	(2,117)	(3%)
Net loss	(16,845)	(3,945)	327%
Loss per share (basic)	(0.04)	(0.02)	100%
Loss per share (diluted)	(0.02)	(0.02)	NM

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

NM – Not Meaningful

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

	Three Months Ended January 31,	
	2021	2020
Net loss	(16,845)	(3,945)
Income taxes	588	(85)
Accretion and interest	2,702	1,734
Depreciation and amortization	6,094	1,269
EBITDA ⁽¹⁾	(7,461)	(1,027)
Foreign exchange	89	(4)
Revaluation of derivative liability ⁽²⁾	10,484	(439)
Transaction and acquisition costs	1,581	622
Revaluation of marketable securities	(15)	-
Debt restructuring gain	(1,145)	-
Loss on extinguishment of debenture	516	-
Share-based compensation	553	27
Adjusted EBITDA ⁽¹⁾	4,602	(821)

⁽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⁾ The Company recorded a loss from the revaluation of derivative liability of \$10,484 during the first quarter of 2021 (2020: gain of \$439). This non-cash accounting charge primarily relates to warrants issued to Windsor Private Capital in connection with the loan agreement entered into on January 6, 2020. The cashless exercise feature in the warrants creates a derivative liability which is required to be revalued each reporting period. The increase in our share price during the quarter resulted in an increase in the derivative liability.

Outlook

With the transaction of META having closed, the Company has solidified its leadership position in Canada. High Tide remains focused on the Ontario market. While pandemic restrictions caused a delay in construction in much of the province, the Company is encouraged by the Alcohol and Gaming Commission of Ontario's decision on February 16, 2021 to increase the pace of Retail Store Authorizations it issues from 20 to 30 a week. The Company expects to reach 30 open stores in the province by September 30, 2021, the date on which the cap for any one retailer can own is set to increase from 30 to 75.

While competition is increasing in the Alberta cannabis market, the Company has still been able to find pockets of areas where it believes it can profitably open new stores. With the slowdown in construction in Ontario, the Company has increased the pace of buildouts in Alberta and expects more locations to open in the province next month.

The Company has been actively following developments in the U.S. cannabis sector, and while it appears that further liberalisation regarding the federal regulatory and legislative environment is possible, our immediate strategy does not rely on regulatory change. Despite this, we remain just one transaction away from entering the bricks and mortar retail market in the U.S. when federally permissible. High Tide believes it is very well positioned to take advantage of the growing ancillary and hemp derived CBD markets and estimates its current revenue run rate in the U.S., pro forma for the Smoke Cartel acquisition, to be over \$25 million today. The Company is in discussions with various parties across the federally permissible ecosystem in the U.S. which could help further expand its operations – and believes that its current financial health and application to list its shares on the Nasdaq may help accelerate its growth.

About High Tide Inc.

High Tide is a retail-focused cannabis company enhanced by the manufacturing and distribution of consumption accessories. The Company is the largest Canadian retailer of recreational cannabis as measured by revenue, with 80 branded retail cannabis locations spanning Ontario, Alberta, Manitoba and Saskatchewan. High Tide's retail segment features the Canna Cabana, KushBar, Meta Cannabis Co., Meta Cannabis Supply Co. and NewLeaf Cannabis banners, with additional locations under development across the country. High Tide has been serving consumers for over a decade through its numerous consumption accessory businesses including e-commerce platforms Grasscity.com and CBDcity.com, and its wholesale distribution division under Valiant Distribution, including the licensed entertainment product manufacturer Famous Brandz. 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 Company's application to list on the NASDAQ; (ii) the Company's plans to adjust its business model and pursue expansion opportunities in the

United States and Europe (iii) the Alcohol and Gaming Commission of Ontario's intentions to increase the pace of Retail Store Authorizations it issues from 20 to 30 a week; (iv) the Company's expectation to reach 30 open stores in Ontario by September, 30, 2021; (v) the Company's expectations to profitably open new stores in Alberta, including several locations in the month of April; (vi) the Company's belief that it is well positioned to take advantage of the growing ancillary and hemp derived CBD markets in the United States and estimates regarding its current revenue run rate in the United States, pro forma for the Smoke Cartel acquisition, to be over \$25 million as of the date of this release; (vii) the Company's expectations to further expand the Company's operations in the United States through discussions with various parties across the federally permissible ecosystem in the United States; and (viii) the Company's belief that its application to list its shares on the Nasdaq may accelerate the Company's growth. 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 Company's ability to execute on its business plan and that the Company will have sufficient funds to execute on its strategic growth objectives in 2021, including the ability of the Company to pursue and finance the potential acquisitions and new store openings referenced in this release; the Company's ability to successfully list its shares on the Nasdaq; and that the Company will not be required to implement any measures to address unanticipated developments (including developments relating to COVID-19) affecting the Company's business, which could adversely affect the Company's proposed business plan. 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.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

This news release does not constitute an offer to sell or a solicitation of an offer to buy any of the securities in the United States of America. The securities have not been and will not be registered under the United States Securities Act of 1933 (the “1933 Act”) or any state securities laws and may not be offered or sold within the United States or to U.S. Persons (as defined in the 1933 Act) unless registered under the 1933 Act and applicable state securities laws, or an exemption from such registration is available.

CONTACT INFORMATION

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Management's Discussion & Analysis

For the three months ended January 31, 2021 and 2020



High Tide Inc.

Management's Discussion and Analysis

For the three months ended January 31, 2021 and 2020

(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 months ended January 31, 2021 and 2020 is dated March 31, 2021. This MD&A should be read in conjunction with the audited Consolidated Financial Statements of the Company for the years ended October 31, 2020 (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, NewLeaf Cannabis, Meta Cannabis Co, KushBar, Grasscity, and CBDcity, (ii) the "Wholesale" Segment represented by brands, including Valiant Distribution ("Valiant") 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 consumption accessories. The Company's shares are listed on the TSX Venture Exchange ("TSXV") 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, 2020 audited Consolidated Financial Statements, news releases, the Company's short-form prospectus, and other disclosure items of the Company 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.



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(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 months ended January 31, 2021 and 2020 are consistent with those applied and disclosed in Note 3 of the Company's Consolidated Financial Statements for the year ended October 31, 2020 and 2019.

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, KushBar and recently acquired NewLeaf Cannabis and META Cannabis Co are focused on the retail sale of recreational cannabis products for adult use as well as consumption accessories. Grasscity has been operating as a major e-commerce retailer of consumption accessories 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 Valiant are primarily focused on the manufacturing and distribution of consumption accessories. Valiant designs and distributes a proprietary suite of branded consumption accessories including overseeing their contract manufacturing by third parties. Valiant also focuses on acquiring celebrity licenses, designing, and distributing branded consumption accessories. Additionally, it also distributes a minority of products that are manufactured by third parties. Valiant does not sell its products directly to consumers but operates an e-commerce platform for wholesale customers.



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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 72 corporately owned retail cannabis locations represented by 40 Canna Cabana locations, 19 NewLeaf Cannabis locations, 10 META Cannabis Co locations, and 3 KushBar locations. Further, the Company has a 50% interest in a partnership that operates a branded retail Canna Cabana location in Sudbury, Ontario and three joint venture operations with 49% interest that operates three branded retail META Cannabis Co locations in Manitoba. The Company is also represented by three branded locations in Toronto, Ontario, Scarborough, Ontario, and Guelph, Ontario, as well as one franchise in Calgary. In total, the Company currently has a total of 80 branded retail cannabis stores operating across Canada.

The Company's retail recreational cannabis products segment operates amongst many competitors, both consolidated chains and independent operators. Notable competitors include Fire & Flower, Nova Cannabis, Spiritleaf and Tokyo Smoke, as well as numerous independent retailers.

Most of the Company's competitors applicable to its Wholesale Segment operate primarily as product distributors, while Valiant designs, sources, imports and distributes majority of their own products. This creates advantages through vertical integration, thereby enabling Valiant to bring unique product designs to market and offer wholesale customers favourable terms, proprietary products, and flexible pricing.

In the future, the Company expects its brick-and-mortar retail operations to experience increased competition from the recreational cannabis industry as a greater number of third-party stores are established across Canada, offering both cannabis products and consumption accessories. However, the Company believes that its vertically integrated e-commerce and wholesale operations, product knowledge, and operational expertise 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 consumption 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 Ontario, Alberta, Saskatchewan, and Manitoba, the Company is looking to expand its presence in Ontario and enter the market in British Columbia. The Company is currently evaluating entering other provinces and territories



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including North West Territories, and the 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

For the three months ended January 31,	2021	2020	Change
	\$	\$	%
Revenue	38,319	13,715	179%
Gross Profit	14,768	4,793	208%
Gross Profit Margin	39%	35%	4%
Total Operating Expenses	(16,813)	(6,910)	143%
Adjusted EBITDA ^(a)	4,602	(821)	NM
Loss from Operations	(2,045)	(2,117)	(3%)
Net Loss	(16,845)	(3,945)	327%
Loss Per Share (Basic)	(0.04)	(0.02)	100%
Loss Per Share (Diluted)	(0.02)	(0.02)	NM

^(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.

NM - Not Meaningful

Revenue increased by 179% to \$38,319 in the first quarter of 2021 (2020: \$13,715) and gross profit increased by 208% to \$14,768 in the first quarter of 2021 (2020: \$4,793). Loss from operations decreased to \$2,045 in the first quarter of 2021 (2019: loss \$2,117).

The key factors affecting the results for the three-month period ended January 31, 2021 were:

- **Merchandise Sales** – Merchandise sales increased by \$23,279 or 179% for the three-month period ended January 31, 2021 as compared to 2020. Growth in merchandise sales was largely driven by acquired businesses representing \$14,098 of total sales increase; the organic increase in the number of Canna Cabana stores and a shift in consumer spending towards e-commerce that resulted in a significant increase in sales on Grasscity.com, which accounts for \$9,181 in total sales increase.
- **Operating Expenses** – Operating expenses increased by \$9,903 or 143% for the three-months ended January 31, 2021 compared to 2020, and as a percentage of revenue decreased by 6% in the first quarter of 2021 to 44% (2020: 50%).

Revenue

Revenue increased by 179% or \$24,604 to \$38,319 in the first quarter of 2021 (2020: \$13,715).

The increase in revenue was driven primarily by the Company's Retail Segment via the acquisition of Meta Growth Corp ("META") on November 18, 2020.

Addition of new stores and the business combination of META into the Company contributed \$23,213 of the increase in revenue while existing businesses contributed \$1,391.

Canna Cabana, NewLeaf, and META all provide a unique customer experience focused on retention and loyalty through its Cabana Club membership platform. Members of Cabana Club receive short message service ("SMS") and email communications highlighting new and upcoming product arrivals, member-only events, and other special offers. 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



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

Cabana, NewLeaf, and META locations. As of the date of this MD&A, approximately 96,000 members have joined Cabana Club, with the majority subscribing in-store, while completing purchase transactions. Over 50% of the Company's daily business is conducted with regular Cabana Club members. During the quarter, Cabana Club members spent, on average, 13% more than non-Cabana Club members, which enhanced the Retail Segment's overall basket-size. This is a confirmation that the Company's one-stop shop ecosystem helps to attract and retain new and existing customers.

The Company continues to generate interest in its proprietary data analytics service named Cabanalytics™ and grow its recurring subscription-based revenue. The Cabanalytics™ program provides subscribers with a monthly report of anonymized consumer purchase data, in order to assist them with forecasting and planning their future product decisions and implementing appropriate marketing initiatives.

Gross Profit

For the three-month period ended January 31, 2021, gross profit increased by 208% or \$9,975 to \$14,768 in the first quarter of 2021 (2020: \$4,793). The increase in gross profit was driven by the acquisition of META, an increase in sales volume and the optimization of sales costs. The gross profit margin also increased to 39% in the first quarter of 2021 (2020: 35%).

Operating Expenses

Total operating costs increased by \$9,903 to \$16,813 in the first quarter of 2021 (2020: \$6,910). Operating expenses increased over the same period in 2020 due to the Company's continued growth of their Retail Segment through new store openings and the acquisition of META, resulting in a total of 71 branded retail stores operating across Canada compared to 30 branded retail stores as of January 31, 2020 (increase of 41 stores). While total operating costs for the three-month period ending January 31, 2021 increased compared to the same period in 2020, as a percentage of revenue, operating expenses decreased by 6% to 44% (2020: 50%), due to continued cost control initiatives.

Salaries, wages, and benefits expenses increased by \$2,676 in the first quarter of 2021 compared to the prior year. The increase in staffing was due primarily to the acquisition of META, and the need for additional personnel within the Retail Segment to facilitate growth in the number of cannabis locations and, by extension, an increase in revenue. Share-based compensation increased by \$526 for the first quarter of 2021 compared to the same period in the prior year.

General and administrative expenses increased by \$1,462 for the first quarter of 2021 compared to 2020 primarily because of the acquisition of META. Additionally, professional fees also increased by \$372 in the first quarter of 2021 compared to the same period in 2020.

Amortization expense on property, equipment, intangibles, and right-of-use assets of \$6,094 for the first quarter of 2021 increased by \$4,825 compared to same period in 2020 primarily because of \$78,440 of assets acquired by the acquisition of META.



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The Company is progressing well in integrating META's operations. As of the date of this MD&A, the Company has achieved approximately 71% of the synergies. Following is a breakdown of the annualized synergies achieved:

Synergy Category	Actual Savings	Target Savings	% Achieved
Overhead SG&A and Other	\$3,700	\$4,500	82%
Store Optimization + Leases	\$2,200	\$3,800	58%
Total	5,900	\$8,300	71%

Financing and Other Costs

Financing and other costs of \$4,283 was recorded during the first quarter of 2021 (2020: \$2,356), representing the expense associated with the interest expense related to convertible debentures, the accretion of lease liabilities, as well as transaction costs related to the Company's acquisitions and business development.

Revaluation of Derivative Liability

The Company recorded a loss from the revaluation of derivative liability of \$10,484 during the first quarter of 2021 (2020: gain of \$439). This non-cash accounting charge primarily relates to warrants issued to Windsor Private Capital in connection with the loan agreement entered into on January 6, 2020. The cashless exercise feature in the warrants creates a derivative liability which is required to be revalued each reporting period. The increase in our share price during the quarter resulted in an increase in the derivative liability.

Segment Operations

	Retail 2021 (\$)	Retail 2020 (\$)	Wholesale 2021 (\$)	Wholesale 2020 (\$)	Corporate 2021 (\$)	Corporate 2020 (\$)	Total 2021 (\$)	Total 2020 (\$)
For the three months ended January 31,								
Total Revenue	36,757	12,120	1,551	1,378	11	217	38,319	13,715
Gross profit	14,195	4,106	562	471	11	216	14,768	4,793
Income (loss) from operations	1,238	(638)	(222)	(376)	(3,061)	(1,103)	(2,045)	(2,117)
Net Income (loss)	(182)	(712)	(335)	(400)	(16,328)	(2,833)	(16,845)	(3,945)
Total assets	94,642	46,678	5,932	5,972	66,000	17,161	166,574	69,811
Total liabilities	38,470	22,893	2,111	1,894	72,194	33,301	112,775	58,088



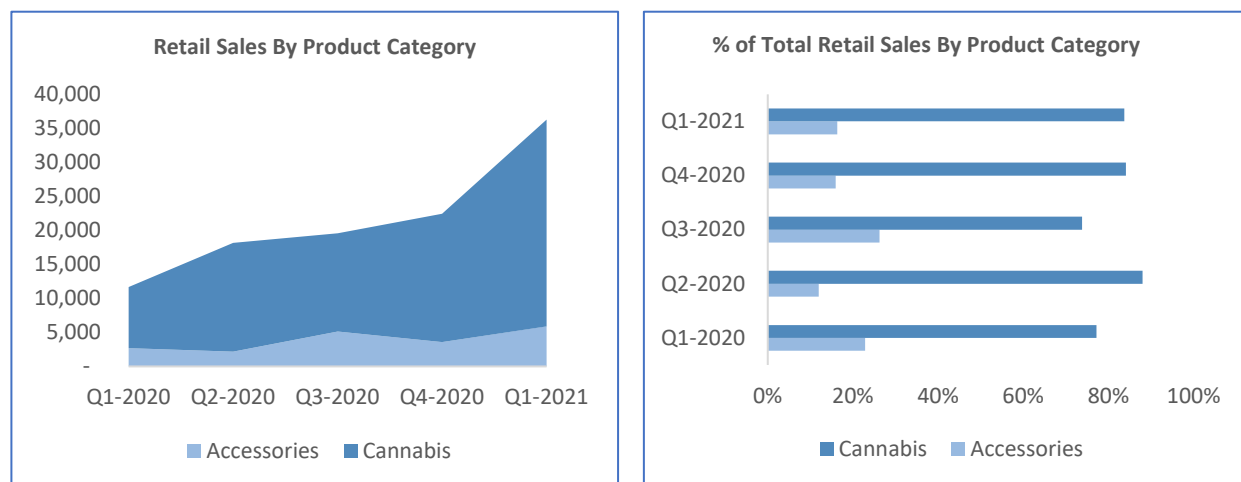
High Tide Inc.

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

Retail Segment Performance



The Company's Retail Segment demonstrated significant sales growth with an increase in revenue of \$24,637 in the first quarter of 2021 compared to the same period in the prior year. Revenue growth is primarily attributable to its acquired businesses, which resulted in an increased number of retail locations and transactions on Grasscity.com due to shifting consumer habits.

Gross profit for the three-month period ending January 31, 2021 increased by \$10,809 compared to the same period in the prior year and the gross profit margin increased to 39% (2020: 34%). The increase in the gross margin was due to Cabanalytics™, and product mix optimization.

For the three-month period ending January 31, 2021 the Retail Segment recorded income from operations of \$1,238 compared to a loss from operations of \$638 for the same period in the prior year.

Same-store retail revenue

Same-store sales refers to the change in revenue generated by the Company's existing retail cannabis locations over the period. The Company had 21 cannabis locations that were operational for full three-month period ended January 31, 2021 and January 31, 2020. For these 21 cannabis locations, same-store sales increased by 14% compared to the three-month period ended January 31, 2020. The increase was primarily related to these locations growing to maturity over time.

Grasscity.com

During the first quarter of 2021, Grasscity processed 42,601 orders (2020: 17,831), attracted 8.3 million visitors (2020: 3.5 million) and increased its customer base by 15% to 570,000 (2020: 496,000). High Tide continues to invest in Grasscity to refresh its online sales platform, increase its searchability, align its supply chain with Valiant, and optimize its distribution channels. Grasscity enables the Company to leverage its vertical integration to improve order fulfillment, customer reach, product margins and its overall profitability.



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Wholesale Segment Performance

Revenues in the Company's Wholesale Segment increased by 13% or \$173 to \$1,551 for the three-month period ending January 31, 2021 (2020: \$1,378). The Company's Wholesale Segment attracted a significant number of new wholesale and distributor clients due to its proprietary and licensed products.

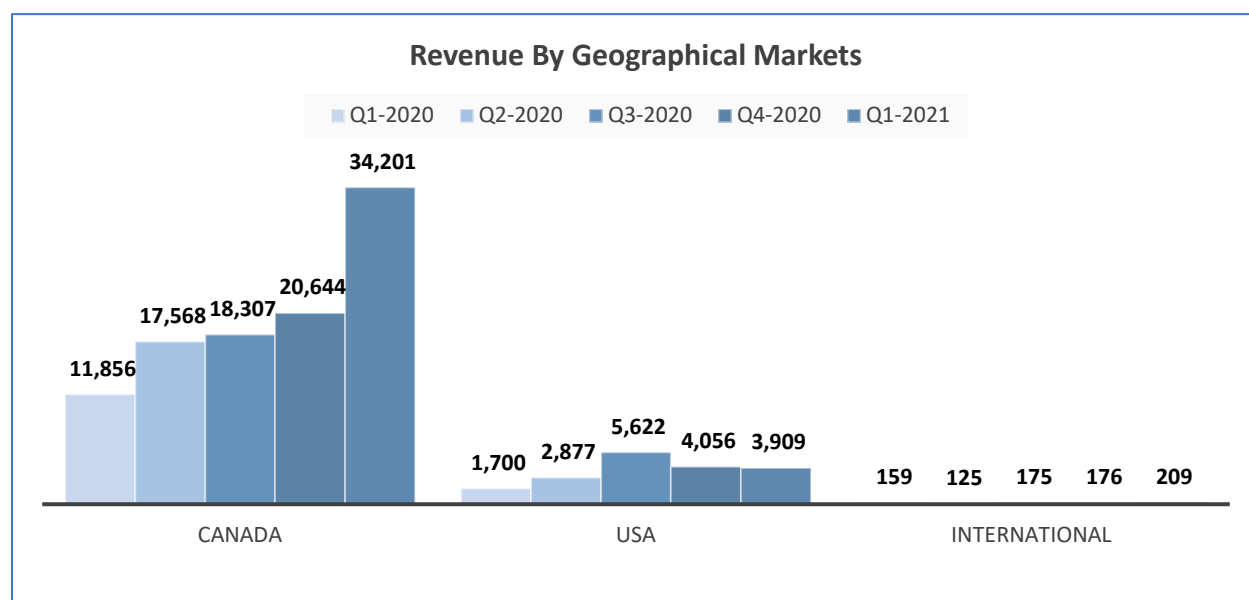
Gross profit increased by \$91 to \$562 for the three-month period ending January 31, 2021 (2020: \$471).

The Wholesale Segment reported a loss from operations of \$222 for the three-month period ending January 31, 2021 (2020: loss \$376).

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 \$11 for the three-month period ending January 31, 2021 (2020: \$217). The revenue was made up of royalty fees and other revenues.

Geographical Markets



* USA revenues are related to sale of consumption accessories and not related to sale of cannabis.



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

For the three months ended January 31, 2021		Retail	Wholesale	Corporate	Total
		\$	\$	\$	\$
Primary geographical markets ⁽ⁱ⁾					
	Canada	33,282	908	11	34,201
	USA	3,266	643	-	3,909
	International	209	-	-	209
Total revenue		36,757	1,551	11	38,319
Major products and services					
	Cannabis	30,377	-	-	30,377
	Smoking accessories	4,382	1,527	-	5,909
	Franchise royalties and fees	36	-	10	46
	Data analytics services	1,488	-	-	1,488
	Other revenue	474	24	1	499
Total revenue		36,757	1,551	11	38,319
Timing of revenue recognition					
	Transferred at a point in time	36,757	1,551	11	38,319
Total revenue		36,757	1,551	11	38,319

⁽ⁱ⁾ Represents revenue based on geographical locations of the customers who have contributed to the revenue generated in the applicable segment.

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



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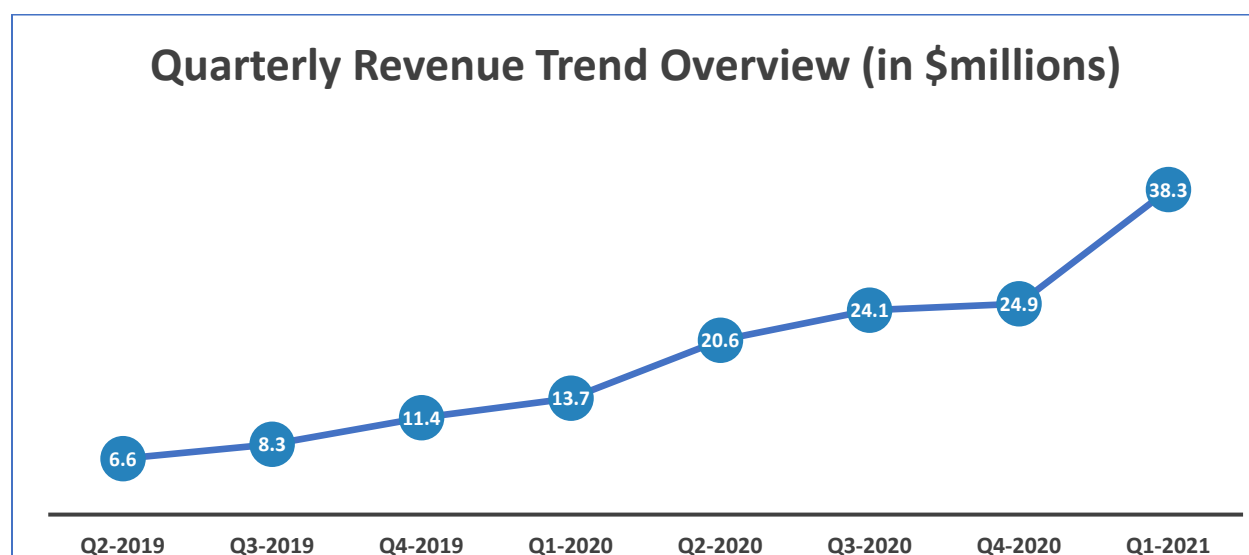
Summary of Quarterly Results

(C\$ in thousands, except per share amounts)	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019
Revenue	38,319	24,876	24,104	20,570	13,715	11,409	8,288	6,596
Adjusted EBITDA ^(a)	4,602	3,626	3,397	1,773	(821)	(5,968)	(3,369)	(3,486)
Income (loss) from Operations	(2,045)	1,133	1,624	156	(2,117)	(6,393)	(4,038)	(4,582)
Net Income (loss)	(16,845)	(1,324)	3,827	(4,911)	(3,945)	(15,427)	(3,724)	(3,319)
Net Income (Loss) Per Share (Basic)	(0.04)	(0.02)	0.02	(0.02)	(0.02)	(0.07)	(0.02)	(0.02)
Net Income (Loss) Per Share (Diluted)	(0.02)	(0.02)	0.02	(0.02)	(0.02)	(0.07)	(0.02)	(0.02)

^(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 are increasing as the Company aggressively expands Canna Cabana operations and integrates acquired businesses such as META into the Company's business.

The adjusted EBITDA increased by \$5,423 in the first quarter of 2021 compared to same period in the prior year due to higher revenues and improving operating expenses as a percentage of revenues.





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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:

	2021 ⁽¹⁾	2020 ⁽²⁾				2019 ⁽³⁾		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Net Loss	(16,845)	(1,324)	3,827	(4,911)	(3,945)	(15,429)	(3,724)	(3,319)
Income taxes	588	(165)	316	163	(85)	2,998	(1,310)	(1,166)
Accretion and interest	2,702	573	2,456	2,529	1,734	1,676	1,040	231
Depreciation and amortization	6,094	2,213	1,771	1,544	1,269	478	462	275
EBITDA	(7,461)	1,297	8,370	(675)	(1,027)	(10,277)	(3,532)	(3,979)
Foreign exchange	89	(64)	4	(17)	(4)	49	(41)	(39)
Revaluation of derivative liability	10,484	706	67	125	(439)	(732)	-	-
Transaction and acquisition costs	1,581	1,729	193	173	622	(36)	-	-
Revaluation of marketable securities	(15)	-	(1,663)	1,663	-	-	-	-
Debt restructuring gain	(1,145)	-	-	-	-	-	-	-
Loss on settlement of convertible debenture	-	142	-	-	-	-	-	-
Share-based compensation	553	29	2	71	27	180	207	590
Gain on extinguishment of financial liability	-	(505)	-	-	-	(129)	-	-
Impairment loss	-	458	-	247	-	4,820	-	-
(Gain) Loss on extinguishment of debenture	516	(418)	(3,576)	186	-	-	-	-
Smoker's Corner closure costs related to inventory	-	252	-	-	-	-	-	-
Related party balances written off	-	-	-	-	-	34	-	-
Gain on disposal of property and equipment	-	-	-	-	-	-	2	-
Discount on accounts receivable	-	-	-	-	-	87	(5)	(58)
Adjusted EBITDA	4,602	3,626	3,397	1,773	(821)	(5,968)	(3,369)	(3,486)

(1) Cash outflow for the lease liabilities during the three months ended January 31, 2021 were \$1,088.

(2) Cash outflow for the lease liabilities during the three-months ended October 31, 2020 were \$987, three-months ended July 31, 2020 were \$783, three-months ended April 30, 2020 were \$728 and \$693 for three months ended January 31, 2020.

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



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Financial Position, Liquidity and Capital Resources

Assets

As at January 31, 2021, the Company had a cash balance of \$16,576 (October 31, 2020: \$7,524).

Working capital including cash as at January 31, 2021 was a deficit of \$10,500 (October 31, 2020: deficit \$8,183). The change is mainly due to the acquisition of META that occurred in the first quarter of fiscal 2021 and increase in derivative liability by \$10,689 due to increase in market price of the common shares. Subsequent to the first quarter of 2021, the Company closed a bought deal of \$23,000. These transactions and positive cash flow from operations provide the Company enough liquidity for its working capital needs and to pursue its near-term expansion plan. As of the date of this MD&A, the Company has a cash balance of approximately \$33,000.

Total assets of the Company were \$166,574 on January 31, 2021 compared to \$69,811 on October 31, 2020. The increase in total assets is primarily due to the acquisition of META, which resulted in significant increases in intangible assets, property and equipment, and right-of-use assets. Assets also increased due to capital asset additions and prepaid lease deposits due to the expansion during the period.

Liabilities

Total liabilities increased to \$112,775 at January 31, 2021 compared to \$58,088 on October 31, 2020 primarily due to the acquisition of META.

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	639,912,735
Warrants	143,864,775
Stock options and RSUs	30,024,894
Convertible debentures	67,281,127

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

Cash Flows

During the period ended January 31, 2021, the Company had an overall increase in cash of \$9,052 (2020: \$3,293).

Total cash generated from operating activities was \$1,447 for the period ended January 31, 2021 (2020: \$206 cash used in operating activities). The increase in operating cash inflows is primarily driven by increase in revenue, cost optimization initiatives and adoption of IFRS 16. Cash provided by investing activities was \$8,226 (2020: cash used \$2,771) because of \$10,209 cash acquired due to the acquisitions of META. Cash used by financing activities was \$621 (2020: cash provided \$6,270) because of interest paid on loans and lease payments.

Liquidity

In addition to cash and non-cash working capital discussed above, the Company acquired META during the first quarter of 2021, and subsequent to the first quarter of 2021, the Company closed a bought deal for \$23,000. These transactions provide the Company enough liquidity for its working capital needs and to pursue its near-term expansion plan.



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Capital Management

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

- I. Explore profitable growth opportunities.
- II. Deploy capital to provide an appropriate return on investment for shareholders.
- III. Maintain financial flexibility to preserve the ability to meet financial obligations; and
- IV. 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 stated above as well to respond to changes in economic conditions and to 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. 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 that 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 January 31, 2021, nor are any such arrangements outstanding as of the date of this MD&A.

Transactions Between Related Parties

As at January 31, 2021, 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.

A Director of the Company is Chief of the Opaskwayak Cree Nation ("OCN"). On November 18, 2020, the Company acquired all of the issued and outstanding shares of META which included notes payable to Opaskwayak Cree Nation ("OCN"). As at January 31, 2021 the Company has drawn \$13,000.

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 five years with two additional five-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 a subsidiary of High Tide Inc.



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Subsequent events

- (i) On February 22, 2021, the Company closed of its previously announced "bought deal" short-form prospectus offering (the "Offering") of units of the Company (the "Units"), including the exercise in full of the underwriters' over-allotment option. The Offering was led by ATB Capital Markets Inc. and Echelon Wealth Partners Inc., together with Beacon Securities Limited and Desjardins Securities Inc. In connection with the Offering, the Company issued an aggregate of 47,916,665 Units at a price of \$0.48 per Unit, for aggregate gross proceeds of \$23,000. Each Unit is comprised of one common share of the Company (each, a "Common Share") and one half of one Common Share purchase warrant (each whole warrant, a "Warrant"). Each Warrant entitles the holder thereof to purchase one additional Common Share at an exercise price of \$0.58, for a period of 36 months following the closing of the Offering.
- (ii) Subsequent to the period ended January 31, 2021, \$23,260 of debt was converted into common shares.
- (iii) On March 24, 2021, the Company acquired all the issued and outstanding shares of Smoke Cartel ("SC Shares") for US\$8,000, implying an approximate value of US\$0.31 per SC Share. The consideration was comprised of: (i) 9,540,754 common shares of High Tide (the "HT Shares"), having an aggregate value of US\$6,000; and (ii) US\$2,000 in cash. Pursuant to the Acquisition Agreement, 25% of the Share Consideration has been placed in escrow for a period of 12 months from Closing.

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

With the transaction of META having closed, the Company has solidified its leadership position in Canada. High Tide remains focused on the Ontario market. While pandemic restrictions are causing a delay in construction in much of the province, the Company is encouraged by the Alcohol and Gaming Commission of Ontario's decision on February 16, 2021 to increase the pace of Retail Store Authorizations it issues from 20 to 30 a week. The Company expects to reach 30 open stores in the province by September 30, 2021, the date on which the cap for any one retailer can own is set to increase from 30 to 75.



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While competition is increasing in the Alberta cannabis market, the Company has still been able to find pockets of areas where it believes it can profitably open new stores. With the slowdown in construction in Ontario, the Company has increased the pace of buildouts in Alberta and expects more locations to open in the province next month.

The Company has been actively following developments in the U.S. cannabis sector, and while it appears that further liberalisation regarding the federal regulatory and legislative environment is possible, our immediate strategy does not rely on regulatory change. Despite this, we remain just one transaction away from entering the bricks and mortar retail market in the U.S. when federally permissible. High Tide believes it is very well positioned to take advantage of the growing ancillary and hemp derived CBD markets and estimates its current revenue run rate in the U.S., pro forma for the Smoke Cartel acquisition, to be over \$25 million today. The Company is in discussions with various parties across the federally permissible ecosystem in the U.S. which could help further expand its operations – and believes that its current financial health and application to list its shares on the Nasdaq may help accelerate its growth.

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 Company is subject to a variety of applicable laws, including those relating to the marketing, acquisition, manufacturing, management, transportation, storage, sale, packaging and labeling, and disposal of cannabis and cannabis products. The Company is also subject to applicable laws relating to health and safety, the conduct of operations, taxation of products and the protection of the environment. As applicable laws pertaining to the cannabis industry are relatively new, it is possible that significant legislative amendments may still be enacted – either provincially or federally – that address current or future regulatory issues or perceived inadequacies in the regulatory framework. Changes to applicable laws could have a Material Adverse Effect.

The legislative framework pertaining to the Canadian adult-use cannabis market is subject to significant provincial and territorial regulation. The legal framework varies across provinces and territories and results in asymmetric regulatory and market environments. Different competitive pressures, additional compliance requirements, and other costs may also limit the Company's ability to participate in such market.

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.



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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.

Ancillary Business in the United States Cannabis Industry

The Company derives a portion of its revenues from the cannabis industry in certain States. The Company is not directly or indirectly engaged in the manufacture, importation, possession, use, sale, or distribution of cannabis in the recreational or medical cannabis industry in the U.S., however, the Company may be considered to have ancillary involvement in the U.S. cannabis industry. Due to the current Business and any future opportunities, the Company may become the subject of heightened scrutiny by regulators, stock exchanges and other authorities in Canada. As a result, the Company may be subject to significant direct or indirect interaction with public officials. There can be no assurance that this heightened scrutiny will not in turn lead to the imposition of certain restrictions on the Company's ability to invest in the United States or any other jurisdiction, in addition to those described in this MD&A.

Significant Risk of Enforcement of U.S. Federal Laws

There can be no assurance that the U.S. federal government will not seek to prosecute cases involving cannabis businesses, including those of the Company, notwithstanding compliance with the securities laws of the applicable state of the United States. Such proceedings could have a Material Adverse Effect.

Further, violations of any U.S. federal laws and regulations could result in significant fines, penalties, administrative sanctions, convictions, or settlements arising from civil proceedings conducted by either the U.S. federal government or private citizens, or criminal charges, including, but not limited to, disgorgement of profits, cessation of business activities or divestiture. This could have a Material Adverse Effect, including on its reputation and ability to conduct business, its ability to list its securities on stock exchanges, its financial position, its operating results, its profitability or liquidity or the value of its securities. In addition, the time of Management and advisors of the Company and resources that would be needed for the investigation of any such matters, or their final resolution could be substantial.

Competition

The Company faces, and will continue to face, intense competition from other companies, some of which can be expected to have longer operating histories and greater financial resources (including technical, marketing, and other resources compared to the Company). Such companies may be able to devote greater resources to the development, promotion, sale and support of their respective products and services. Such companies may also have more extensive customer bases and broader customer relationships and may make it increasingly difficult for the Company to, among other things, enter into favorable business agreements, negotiate favourable prices, recruit, or retain qualified employees, and acquire the capital necessary to fund capital investments by the Company.

In addition, Management estimates that, as of the date of this MD&A, there may be currently hundreds of applications for Retail Store Authorizations being processed by applicable cannabis regulatory authorities. The number of Authorizations granted, and the number of retail cannabis store operators ultimately authorized by applicable cannabis regulatory authorities, could have an adverse impact on the ability of the Company to compete for market share in the cannabis market within various jurisdictions in Canada. The Company also faces competition from illegal cannabis dispensaries, engaged in the sale and distribution of cannabis to individuals without valid Authorizations.

Lastly, as the cannabis market continues to mature, both domestically and internationally, the overall demand for products and the number of competitors may be expected to increase significantly. Such increases may also be accompanied by shifts in market demand, and other factors that Management cannot currently anticipate, and which could potentially reduce the market for the products of the Company, and ultimately have a Material Adverse Effect.



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To remain competitive in the evolving cannabis market, the Company will need to invest significantly in, among other things, operational efficiencies, marketing, growing distribution channels, and investing in additional human resources to support growth initiatives. If the Company is not successful in obtaining sufficient resources to invest in these areas, the ability of the Company to compete in the cannabis market may be adversely affected, which could have a Material Adverse Effect.

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.

Epidemics and Pandemics (including COVID-19)

The Company faces risks related to health epidemics, pandemics, and other outbreaks of communicable diseases, which could significantly disrupt its operations and could have a Material Adverse Effect. In particular, the Company could be adversely impacted by the effects of COVID-19, an infectious disease caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2). Since December 31, 2019, the outbreak of COVID-19 has led governments worldwide to enact emergency measures to combat the spread of the virus. These measures, which include, among other things, the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally, resulting in an economic slowdown. Such events may result in a period of business disruption, and in reduced operations, any of which could have a Material Adverse Effect.

As of the date of this MD&A, the duration and the immediate and eventual impact of COVID-19 remains unknown. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its industry partners. To date, several businesses have suspended or scaled back their operations and development as cases of COVID-19 have been confirmed, for precautionary purposes or as governments have declared a state of emergency or taken other actions. However, the exact extent to which COVID-19 impacts, or will impact the Business will depend on future developments, which are highly uncertain and cannot be predicted at this time, and include the duration, severity and scope of the pandemic and the actions taken to contain or treat COVID-19 (including recommendations from public health officials). In particular, the continued spread of COVID-19 globally could materially and adversely impact the Business, including without limitation, store closures or reduced operational hours or service methods, employee health, workforce productivity, reduced access to supply, increased insurance premiums, limitations on travel, the availability of experts and personnel and other factors that will depend on future developments beyond the Company's control, which could have a Material Adverse Effect. There can be no assurance that the personnel of the Company will not be impacted by these pandemic diseases and ultimately see its workforce productivity reduced or incur increased costs because of these health risks. In addition, COVID-19 represents a widespread global health crisis that could adversely affect global economies and financial markets resulting in an economic downturn that could have a Material Adverse Effect.

Licenses and Permits

The ability of the Company to continue the Business is dependent on the good standing of various Authorizations from time to time possessed by the Company and adherence to all regulatory requirements related to such activities. The Company will incur ongoing costs and obligations related to regulatory compliance, and any failure to comply with the terms of such Authorizations, or to renew the Authorizations after their expiry dates, could have a Material Adverse Effect.



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Although Management believes that the Company will meet the requirements of applicable laws for future extensions or renewals of the applicable Authorizations, there can be no assurance that applicable governmental entities will extend or renew the applicable Authorizations, or if extended or renewed, that they will be extended or renewed on the same or similar terms. If the applicable governmental entities do not extend or renew the applicable Authorizations, or should they renew the applicable Authorizations on different terms, any such event or occurrence could have a Material Adverse Effect.

The Company remains committed to regulatory compliance. However, any failure to comply with applicable laws may result in additional costs for corrective measures, penalties, or restrictions on the operations of the Company. In addition, changes in applicable laws or other unanticipated events could require changes to the operations of the Company, increased compliance costs or give rise to material liabilities, which could have a Material Adverse Effect.

Cannabis Prices

A major part of the Company's revenue is derived from the sale and distribution of cannabis in Canada, as such, the profitability of the Company may be regarded as being directly related to the price of cannabis. The cost of production, sale, and distribution of cannabis is dependent on several key inputs and their related costs, including equipment and supplies, labour and raw materials related to the growing operations of cannabis suppliers, as well other overhead costs such as electricity, water, and utilities. Any significant interruption or negative change in the availability or economics of the supply chain for key inputs could have a Material Adverse Effect. Further, any inability to secure required supplies and services or to do so on favourable terms could have a Material Adverse Effect. This includes, among other things, changes in the selling price of cannabis and cannabis products set by the applicable province or territory. There is currently no established market price for cannabis and the price of cannabis is affected by numerous factors beyond the Company's control. Any price decline could have a Material Adverse Effect.

The operations of the Company may be sensitive to changes in the price of cannabis and the overall condition of the cannabis industry.

Difficulty to Forecast

The Company relies, and will need to rely, largely on its own market research to forecast industry statistics as detailed forecasts are not generally obtainable, if obtainable at all, from other sources at this early stage of the adult-use cannabis industry. Failure in the demand for the adult-use cannabis products because of competition, technological change, change in the regulatory or legal landscape or other factors could have a Material Adverse Effect.

Political and Other Risks Operating in Foreign Jurisdictions

The Company has operations in various foreign markets and may have operations in additional foreign and emerging markets in the future. Such operations expose the Company to the socioeconomic conditions as well as the laws governing the controlled substances industry in such foreign jurisdictions. Inherent risks with conducting foreign operations include, but are not limited to, high rates of inflation; fluctuations in currency exchange rates, military repression, war or civil unrest, social and labour unrest, organized crime, terrorism, violent crime, expropriation and nationalization, renegotiation or nullification of existing Authorizations, changes in taxation policies, restrictions on foreign exchange and repatriation, and changes political norms, currency controls and governmental regulations that favour or require the Company to award contracts in, employ citizens of, or purchase supplies from, the jurisdiction.



Condensed Interim Consolidated Financial Statements

For the three months ended January 31, 2021 and 2020

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

(Unaudited)



High Tide Inc.
Condensed Interim Consolidated Financial Statement
For the three months ended January 31, 2021 and 2020

Condensed Interim Consolidated Financial Statements for the three months ended January 31, 2021 and 2020.

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.

Approved on behalf of the Board:

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

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



High Tide Inc.

Condensed Interim Consolidated Statements of Financial Position

As at January 31, 2021 and October 31, 2020

(Unaudited – In thousands of Canadian dollars)

	Notes	2021	2020
		\$	\$
Assets			
Current assets			
Cash		16,576	7,524
Marketable securities	16	851	50
Trade and other receivables	8	3,452	2,861
Inventory		9,723	5,702
Prepaid expenses and deposits	7	4,406	3,070
Current portion of loans receivable		1,464	74
Total current assets		36,472	19,281
Non-current assets			
Loans receivable		230	230
Property and equipment	6	20,579	13,085
Net Investment - Lease	19	1,827	1,716
Right-of-use assets, net	19	27,510	16,413
Long term prepaid expenses and deposits	7	1,474	809
Deferred tax asset		250	250
Intangible assets and goodwill	3, 5	78,232	18,027
Total non-current assets		130,102	50,530
Total assets		166,574	69,811
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		9,071	6,421
Notes payable current	11	4,098	1,939
Deferred liability		1,704	1,700
Current portion of convertible debentures	10	15,494	14,446
Current portion of lease liabilities	19	5,152	2,194
Derivative liability	14	11,453	764
Total current liabilities		46,972	27,464
Non-current liabilities			
Notes payable	11	12,311	2,536
Convertible debentures	10	24,031	11,376
Lease liabilities	19	23,477	14,474
Long term contract liability		47	53
Deferred tax liability		5,937	2,185
Total non-current liabilities		65,803	30,624
Total liabilities		112,775	58,088
Shareholders' equity			
Share capital	12	76,486	32,552
Warrants	14	4,358	5,796
Contributed surplus		9,865	4,704
Convertible debentures – equity	10	10,916	1,965
Accumulated other comprehensive income		(382)	(487)
Accumulated deficit		(51,228)	(34,359)
Equity attributable to owners of the Company		50,015	10,171
Non-controlling interest	21	3,784	1,552
Total shareholders' equity		53,799	11,723
Total liabilities and shareholders' equity		166,574	69,811



High Tide Inc.

Condensed Interim Consolidated Statements of Comprehensive Loss

For the three months ended January 31, 2021 and 2020

(Unaudited – In thousands of Canadian dollars)

	Notes	2021	2020
		\$	\$
Revenue			
Merchandise sales		36,286	13,007
Royalty revenue		46	583
Other revenue		1,987	125
Total Revenue	4	38,319	13,715
Cost of sales		(23,551)	(8,922)
Gross profit		14,768	4,793
Expenses			
Salaries, wages and benefits		(5,850)	(3,174)
Share-based compensation	13	(553)	(27)
General and administration		(2,908)	(1,446)
Professional fees		(1,136)	(764)
Advertising and promotion		(71)	(87)
Depreciation and amortization	5, 6, 19	(6,094)	(1,269)
Interest and bank charges		(201)	(143)
Total expenses		(16,813)	(6,910)
Loss from operations		(2,045)	(2,117)
Other income (expenses)			
Loss on extinguishment of debenture	10	(516)	-
Debt restructuring gain	11	1,145	-
Revaluation of marketable securities		15	-
Finance and other costs	9	(4,283)	(2,356)
Revaluation of derivative liability	10, 14	(10,484)	439
Foreign exchange gain (loss)		(89)	4
Total other expenses		(14,212)	(1,913)
Loss before taxes		(16,257)	(4,030)
Deferred Income tax (expense) recovery		(588)	85
Net loss		(16,845)	(3,945)
Other comprehensive income (loss)			
Translation difference on foreign subsidiary		105	68
Total comprehensive loss		(16,740)	(3,877)
Net income (loss) and comprehensive income (loss) attributable to:			
Owners of the Company		(16,764)	(3,890)
Non-controlling interest		24	3
		(16,740)	(3,887)
Loss per share			
Basic	15	(0.04)	(0.02)
Diluted	15	(0.02)	(0.02)

Subsequent Events (Note 22)



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

	Note	Share capital	Warrants	Contributed surplus	Equity portion of convertible debt	Accumulated other comprehensive income (loss)	Accumulated deficit	Attributable to owners of the Company	NCI	Total
		\$	\$	\$	\$	\$	\$	\$	\$	\$
Opening balance, November 1, 2019		26,283	6,609	2,119	1,637	(366)	(26,696)	9,586	(179)	9,407
Fee paid in shares		182	-	-	-	-	-	182	-	182
Warrants		-	1,543	-	-	-	-	1,543	-	1,543
Share-based compensation		-	-	27	-	-	-	27	-	27
Equity portion of convertible debentures		-	-	-	91	-	-	91	-	91
Cumulative translation adjustment		-	-	-	-	68	-	68	-	68
Prepaid Interest paid in shares		612	-	-	-	-	-	612	-	612
Purchase of minority interest - KushBar Inc.		500	-	-	-	-	(695)	(195)	187	(8)
Acquisition - 2680495 Ontario Inc.		1,048	-	-	-	-	-	1,048	-	1,048
Acquisition - Saturninus Partners		1,064	316	-	-	-	-	1,380	930	2,310
Comprehensive loss for the period		-	-	-	-	-	(3,948)	(3,948)	3	(3,945)
Balance, January 31, 2020		29,689	8,468	2,146	1,728	(298)	(31,339)	10,393	941	11,334
Opening balance, October 31, 2020		32,552	5,796	4,704	1,965	(487)	(34,359)	10,171	1,552	11,723
Acquisition - Meta Growth	3	35,290	2,739	240	9,008	-	-	47,277	2,208	49,485
Prepaid Interest paid in shares		1,458	-	-	-	-	-	1,458	-	1,458
Share-based compensation	13	-	-	553	-	-	-	553	-	553
Equity portion of convertible debentures	10	-	-	-	133	-	-	133	-	133
Excercise options	13	13	-	-	-	-	-	13	-	13
Warrants expired	14	-	(3,946)	3,946	-	-	-	-	-	-
Issued to pay fees in shares		174	-	-	-	-	-	174	-	174
Conversion of convertible debentures		6,759	-	394	(190)	-	-	6,963	-	6,963
Warrants	14	240	(231)	28	-	-	-	37	-	37
Cumulative translation adjustment		-	-	-	-	105	-	105	-	105
Comprehensive loss for the period		-	-	-	-	-	(16,869)	(16,869)	24	(16,845)
Balance, January 31, 2021		76,486	4,358	9,865	10,916	(382)	(51,228)	50,015	3,784	53,799



High Tide Inc.

Condensed Interim Consolidated Statements of Cash Flows

For the three months ended January 31, 2021 and 2020

(Unaudited – In thousands of Canadian dollars)

	Notes	2021	2020
		\$	\$
Operating activities			
Net loss		(16,845)	(3,945)
Adjustments for items not effecting cash and cash equivalents			
Income tax expense (recovery)		588	(85)
Accretion expense		1,584	1,252
Fee for services and interest paid in shares and warrants	12	1,632	1,358
Acquisition costs paid in shares		-	600
Depreciation and amortization	5,6,19	6,094	1,269
Revaluation of derivative liability	10,14	10,484	439
Debt restructuring gain	11	(1,145)	-
Foreign exchange loss		89	(4)
Share-based compensation	13	553	27
Loss on settlement of convertible debentures	10	516	-
Revaluation of marketable securities		(15)	-
		3,535	911
Changes in non-cash working capital			
Trade and other receivables		1,423	(171)
Inventory		(474)	499
Prepaid expenses and deposits		1,128	128
Accounts payable and accrued liabilities		(4,165)	(1,529)
Contract liability		-	(44)
Net cash provided by (used in) operating activities		1,447	(206)
Investing activities			
Purchase of property and equipment	6	(1,667)	(372)
Purchase of intangible assets	5	(24)	(132)
Loans receivables		(292)	17
Cash paid for business combination, net of cash acquired	3	10,209	(2,284)
Net cash provided by (used in) investing activities		8,226	(2,771)
Financing activities			
Repayment of finance lease obligations		(11)	(2)
Proceeds from convertible debentures net of issue costs	10	980	8,855
Repayment of convertible debentures		-	(1,500)
Interest paid on debentures and loans		(742)	(114)
Lease liability payments	19	(1,088)	(969)
Warrants exercised	14	240	-
Net cash provided by (used in) financing activities		(621)	6,270
Net increase in cash		9,052	3,293
Cash, beginning of period		7,524	806
Cash, end of period		16,576	4,099



High Tide Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended January 31, 2021 and 2020

(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 retail-focused cannabis company enhanced by the manufacturing and distribution of consumption accessories. The Company’s shares are listed on the TSX Venture Exchange (“TSXV”) 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

The Company’s business could be significantly adversely affected by the effects of the recent outbreak of novel coronavirus (“COVID-19”). Several significant measures have been implemented in Canada and the rest of the world in response to the increased impact from COVID-19. The Company cannot accurately predict the impact COVID-19 will have on third parties’ ability to meet their obligations with the Company, including due to uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, and the length of travel and quarantine restrictions imposed by governments of affected countries. In particular, the continued spread of COVID-19 globally could materially and adversely impact the Company’s business including without limitation, employee health, workplace productivity, and other factors that will depend on future developments beyond the Company’s control. In addition, a significant outbreak of contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries resulting in an economic downturn that could negatively impact the Company’s financial position, financial performance, cash flows, and its ability to raise capital. Since the initial outset of the pandemic, the Company did not experience a significant decline in sales for most of the operating businesses.

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, 2020 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 income (loss) to conform with current period’s presentation.

These condensed interim consolidated financial statements were approved and authorized for issue by the Board of Directors on March 31, 2021

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, 2020.

3. Business Combinations

In accordance with IFRS 3, Business Combinations, these transactions meet the definition of a business combination and, accordingly, the assets acquired, and the liabilities assumed have been recorded at their respective estimated fair values as of the acquisition date.

A. Meta Growth Corp. Acquisition

Total consideration	\$
Common shares	35,290
Conversion feature of convertible debt	9,008
Warrants	2,739
Options	86
Restricted stock units	154
	47,277
Purchase price allocation	
Cash and cash equivalents	10,209
Trade and other receivables	2,014
Inventory	3,547
Prepaid expenses	3,129
Marketable securities	635
Notes receivable	312
Property and equipment	6,850
Loan receivable	756
Intangible assets - license	61,800
Right of use asset	12,490
Goodwill	2,099
Non-controlling interest	(2,208)
Accounts payable and accrued liabilities	(6,336)
Lease liability	(12,887)
Convertible debenture	(18,809)
Notes payable	(13,326)
Deferred tax liability	(2,998)
	47,277

On November 18, 2020, the Company closed the acquisition of 100% of the outstanding common shares of Meta Growth Corp ("Meta Growth" or "META"). Pursuant to the terms of the Arrangement, holders of common shares of META ("META Shares") received 0.824 (the "Exchange Ratio") High Tide Shares for each META Share held. In total, High Tide acquired 237,941,274 META Shares in exchange for 196,063,610 High Tide Shares, resulting in former META shareholders holding approximately 45.0% of the total number of issued and outstanding High Tide Shares.

In accordance with IFRS 3, Business Combinations ("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, right of use asset, non-controlling interest, income taxes and the allocation of goodwill. The goodwill is primarily related to the opportunities to grow the retail cannabis business, expanded access to capital and greater financial flexibility. For the three months ended January 31, 2021, Meta Growth accounted for \$14,506 in revenues and \$243 in net income. If the acquisition had been completed on November 1, 2020, the Company estimates it would have recorded an increase of \$3,422 in revenues and an increase of \$401 in net loss for the three months ended January 31, 2021. The Company also incurred \$1,354 in transaction costs, which have been expensed to finance and other costs during the period.



High Tide Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended January 31, 2021 and 2020

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

4. Revenue from Contracts with Customers

For the three months ended January 31, 2021		Retail	Wholesale	Corporate	Total
		\$	\$	\$	\$
Primary geographical markets ⁽ⁱ⁾					
	Canada	33,282	908	11	34,201
	USA	3,266	643	-	3,909
	International	209	-	-	209
Total revenue		36,757	1,551	11	38,319
Major products and services					
	Cannabis	30,377	-	-	30,377
	Smoking accessories	4,382	1,527	-	5,909
	Franchise royalties and fees	36	-	10	46
	Data analytics services	1,488	-	-	1,488
	Other revenue	474	24	1	499
Total revenue		36,757	1,551	11	38,319
Timing of revenue recognition					
	Transferred at a point in time	36,757	1,551	11	38,319
Total revenue		36,757	1,551	11	38,319

For the three months ended January 31, 2020		Retail	Wholesale	Corporate	Total
		\$	\$	\$	\$
Primary geographical markets ⁽ⁱ⁾					
	Canada	10,768	871	217	11,856
	USA	1,193	507	-	1,700
	International	159	-	-	159
Total revenue		12,120	1,378	217	13,715
Major products and services					
	Cannabis	9,024	-	-	9,024
	Smoking accessories	2,663	1,320	-	3,983
	Franchise royalties and fees	376	-	207	583
	Interest and other revenue	57	58	10	125
Total revenue		12,120	1,378	217	13,715
Timing of revenue recognition					
	Transferred at a point in time	12,120	1,378	217	13,715
Total revenue		12,120	1,378	217	13,715

- (i) Represents revenue based on geographical locations of the customers who have contributed to the revenue generated in the applicable segment.



High Tide Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended January 31, 2021 and 2020

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

5. Intangible Assets and Goodwill

	Software	Licenses	Lease buy-out	Brand Name	Goodwill	Total
Cost	\$	\$	\$	\$	\$	\$
Balance, October 31, 2019	1,848	2,594	2,557	1,539	4,466	13,004
Transition adjustment - IFRS 16	-	-	(2,557)	-	-	(2,557)
Additions	474	-	-	-	-	474
Additions from business combinations	-	7,382	-	-	1,896	9,278
Balance, October 31, 2020	2,322	9,976	-	1,539	6,362	20,199
Additions	24	-	-	-	-	24
Additions from business combinations (Note 3)	-	61,800	-	-	2,099	63,899
Balance, January 31, 2021	2,346	71,776	-	1,539	8,461	84,122
Accumulated depreciation						
Balance, October 31, 2019	111	75	191	-	-	377
Transition adjustment - IFRS 16	-	-	(191)	-	-	(191)
Amortization	495	1,113	-	-	-	1,608
Balance, October 31, 2020	606	1,188	-	-	-	1,794
Amortization	98	3,614	-	-	-	3,712
Balance, January 31, 2021	704	4,802	-	-	-	5,506
Foreign currency translation						
Balance, October 31, 2019	60	-	-	57	336	453
Recorded in other comprehensive loss	(20)	-	-	(20)	(35)	(75)
Balance, October 31, 2020	40	-	-	37	301	378
Recorded in other comprehensive loss	-	-	-	-	6	6
Balance, January 31, 2021	40	-	-	37	307	384
Net book value						
Balance, October 31, 2019	1,677	2,519	2,366	1,482	4,130	12,174
Balance, October 31, 2020	1,676	8,788	-	1,502	6,061	18,027
Balance, January 31, 2021	1,602	66,974	-	1,502	8,154	78,232

6. Property and Equipment

	Office equipment and computers	Leasehold improvements	Vehicles	Buildings	Total
	\$	\$	\$	\$	\$
Cost					
Balance, October 31, 2019	452	10,505	167	2,800	13,924
Additions	306	1,989	-	-	2,295
Additions from business combinations	31	1,180	-	-	1,211
Impairment loss	(11)	(694)	-	-	(705)
Balance, October 31, 2020	778	12,980	167	2,800	16,725
Additions	154	1,513	-	-	1,667
Additions from business combinations (Note 3)	1,620	5,230	-	-	6,850
Balance, January 31, 2021	2,552	19,723	167	2,800	25,242
Accumulated depreciation					
Balance, October 31, 2019	127	1,265	148	2	1,542
Depreciation	125	1,953	10	10	2,098
Balance, October 31, 2020	252	3,218	158	12	3,640
Depreciation	232	787	2	2	1,023
Balance, January 31, 2021	484	4,005	160	14	4,663
Net book value					
Balance, October 31, 2019	325	9,240	19	2,798	12,382
Balance, October 31, 2020	526	9,762	9	2,788	13,085
Balance, January 31, 2021	2,068	15,718	7	2,786	20,579

7. Prepaid expenses and deposits

As at	January 31, 2021	October 31, 2020
	\$	\$
Deposits on cannabis retail outlets	816	809
Prepaid insurance and other	2,916	311
Prepayment on inventory	2,148	2,759
Total	5,880	3,879
Less current portion	(4,406)	(3,070)
Long-term	1,474	809

8. Trade and other receivables

As at	January 31, 2021	October 31, 2020
	\$	\$
Trade accounts receivable	3,372	2,673
Sales tax receivable	80	188
Total	3,452	2,861

9. Finance and other costs

Finance and other costs are comprised of the following:

	2021	2020
	\$	\$
Accretion expense	804	824
Interest on convertible debenture	1,021	583
Interest on notes payable	297	82
Accretion notes payable	111	21
Accretion of lease liability	469	224
Transaction cost	227	22
Acquisition costs	1,354	600
Total	4,283	2,356

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.

On July 24, 2020, the Company entered into a debt restructuring agreement of \$10,808 of the Company's outstanding debt held by a key industry investor under an 8.5% senior unsecured convertible debenture issued in December 2018. The Company agreed to pay to the key investor certain structured installment payments over a period of over approximately three years, beginning on November 1, 2021, the parties have agreed to amend the original debenture into a secured convertible debenture of the Company in the principal amount equal to the \$10,808 (the "Deferred Amount"). The Structured Payments, which start in November 2021, will be credited towards the Deferred Amount. As part of the Debt Restructuring, the parties have also (i) extended the maturity date of the amended debenture to January 1, 2025, (ii) amended the conversion price such that the Deferred Amount is convertible into common shares of High Tide ("HITI Shares") at a conversion price of \$0.425 per HITI Share, and (iii) amended the interest provisions such that the Deferred Amount will not bear any interest until maturity, with the portion of the Deferred Amount outstanding on maturity bearing interest on and from the maturity date at a rate of 8.5% per annum. Upon extinguishment of the debenture \$1,445 conversion option was moved to contributed surplus. Management calculated the fair value of the liability component as \$5,069 using a discount rate of 22% along with forecasted scheduled payments, with the residual amount of \$1,072 net of deferred tax of \$247 being allocated to equity. The Company also recognized \$3,808 as a gain on extinguishment of debenture.

On December 10, 2020, the Company entered into a debt extension agreement of \$1,250 of the Company's outstanding debt under an 8.5% senior unsecured convertible debenture issued in December 2018. As part of the Debt extension, the parties have also (i) extended the maturity date of the amended debenture to December 31, 2022, (ii) amended the conversion price such that the deferred amount is convertible into common shares of High Tide ("HITI Shares") at a conversion price of \$0.22 per HITI Share. Management calculated the fair value of the liability component as \$1,062 using a discount rate of 15%, with the residual amount of \$188 net of deferred tax of \$42 being allocated to equity. On December 15, 2020, the Company repaid \$80 towards the principal amount in cash.

- 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 reclassified \$515 from warrants to conversion option within 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 year ended October 31, 2020 the Company recognized \$142 loss on settlement of convertible debentures.

10. Convertible Debentures (continued)

- 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. 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.

On December 10, 2020, the Company entered into a debt restructuring agreement of \$1,000 of the Company's outstanding debt under an 10% senior unsecured convertible debenture issued in June 2019. As part of the Debt Restructuring, the parties have also (i) extended the maturity date of the amended debenture to December 31, 2022, (ii) amended the conversion price such that the Deferred Amount is convertible into common shares of High Tide ("HITI Shares") at a conversion price of \$0.22 per HITI Share. Upon extinguishment of the debenture \$63 conversion option was moved to contributed surplus. Management calculated the fair value of the liability component as \$850 using a discount rate of 15% along with forecasted scheduled payments, with the residual amount of \$150 net of deferred tax of \$35 being allocated to equity. The Company also recognized \$87 as a loss on extinguishment of debenture.

- iv. On November 14, 2019, the Company closed the sale of unsecured convertible debentures of the Company under a 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%, the conversion option at relative fair value of \$189 net of deferred tax of \$43 and the residual of \$104 net of deferred tax of \$24 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 a 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%, the conversion option at relative fair value of \$167 net of deferred tax of \$38 and the residual of \$142 net of deferred tax of \$33 being allocated to warrants, recorded in equity.

10. Convertible Debentures (continued)

On December 10, 2020, the Company entered into a debt restructuring agreement of \$2,000 of the Company's outstanding debt under an 10% senior unsecured convertible debenture issued in December 2019. As part of the Debt Restructuring, the parties have also (i) extended the maturity date of the amended debenture to December 31, 2022, (ii) amended the conversion price such that the Deferred Amount is convertible into common shares of High Tide ("HITI Shares") at a conversion price of \$0.22 per HITI Share. Upon extinguishment of the debenture \$122 conversion option was moved to contributed surplus. Management calculated the fair value of the liability component as \$1,886 using a discount rate of 15% along with forecasted scheduled payments, with the residual amount of \$114 net of deferred tax of \$26 being allocated to equity. The Company also recognized \$230 as a loss on extinguishment of debenture. Subsequent to the restructuring, all the debenture holders exercised the conversion option resulting in the issuance of 9,547,257 shares. Upon conversion of the debenture \$121 related to the conversion option was moved to contributed surplus.

- v. On December 14, 2019, the Company issued \$2,000 in convertible debt to settle the put option related to Grasscity acquisition valued at \$2,554 as of December 14, 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. The Company also recognized a \$505 unrealized gain on the fair value of the instrument.

Management calculated the fair value of the liability component as \$1,707 using a discount rate of 22%, the conversion option at relative fair value of \$167 net of deferred tax of \$38 and the residual of \$175 net of deferred tax of \$40 being allocated to warrants, recorded in equity.

- vi. 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 58,823,529 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 October 31, 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 using the Black-Scholes model to value warrants at \$364 which was recorded as a derivative liability for \$364, the host debt component for \$4,309, and the embedded derivatives for \$327. The warrants were initially valued at \$364 using the Black-Scholes model and the following assumptions were used: stock price of \$0.16; expected life of two years; \$nil dividends; expected volatility of 70%; exercise price of \$0.255; and a risk-free interest rate of 0.52%. At October 31, 2020, the warrants were revalued at \$266 using the Black-Scholes model and the following assumptions were used: stock price of \$0.145; expected life of 1.4 years; \$nil dividends; expected volatility of 70%; exercise price of \$0.255; and a risk-free interest rate of 0.52% and recognized a gain of \$98 as revaluation of derivative liability. 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

10. Convertible Debentures (continued)

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 Black-Scholes model and the following assumptions: stock price: \$0.16; expected life of 2 year; \$nil dividends; expected volatility of 70%; exercise price of \$0.255; and risk-free interest rate of 1.98%. Management elected to capitalize \$257 transaction costs, which are directly attributable to the issuance of the loan agreement. As of October 31, 2020, the conversion option had a fair value of \$498 and the Company recognized a \$171 unrealized loss on the derivative liability for the year ended October 31, 2020. The fair value of the equity conversion option was determined using the Black-Scholes model and the following assumptions: stock price: \$0.145; expected life of 1.4 year; \$nil dividends; expected volatility of 70%; exercise price of \$0.255; and risk-free interest rate of 0.52%.

On December 8, 2020, the Company entered into a debt restructuring agreement of \$5,000 of the Company's outstanding debt. In conjunction with the restructuring, the Company withdrew an additional \$1,000 on the credit facility. As part of the Debt Restructuring, the parties have also (i) extended the maturity date of the amended debenture to December 31, 2021, (ii) amended the conversion price such that the Deferred Amount is convertible into common shares of High Tide ("HITI Shares") at a conversion price of \$0.17 per HITI Share (iii) amended the interest rate from 11.50% per annum to 10% per annum. At December 8, 2020, the warrants were revalued at \$389 using the Black-Scholes model and the following assumptions were used: stock price of \$0.165; expected life of 1.0 years; \$nil dividends; expected volatility of 35%; exercise price of \$0.255; and a risk-free interest rate of 0.52% and \$199 fair value of the equity conversion option was determined using the Black-Scholes model and the following assumptions: stock price: \$0.165; expected life of 1.0 year; \$nil dividends; expected volatility of 35%; exercise price of \$0.17; and risk-free interest rate of 0.52%. Revaluation of derivative liability resulted in recognizing a gain of \$176. Upon extinguishment of the debenture \$199 in derivative liability was moved to convertible debenture – equity. Management calculated the fair value of the liability component as \$5,577 using a discount rate of 18%. As a result of the debt restructuring, the Company recognized a \$199 debt restructuring loss in the statement of net loss and comprehensive loss for the period ended January 31, 2021. Subsequent to the restructuring, the debenture holders exercised the conversion option for \$2,000 resulting in the issuance of 11,764,705 shares. As part, of the restructuring 23,529,412 warrants were cancelled.

- vii. In connection with the Company's acquisition of META on November 18, 2020, the holders of the Convertible Debentures consented to amend the conversion price of the Listed Debentures such that, following the acquisition of META, the conversion price is \$0.22 per High Tide Share. The holders also agreed to extend the maturity date of the Listed Debentures to November 30, 2022. Following the acquisition of META, the Convertible Debentures will remain debt obligations of META but will become convertible into High Tide Shares. Management calculated the fair value of the liability component as \$18,809 using a discount rate of 15%, the conversion option at relative fair value of \$9,008 recorded in equity. Subsequent to the restructuring, the debenture holder exercised the conversion option to convert part of the debt resulting in the issuance of 14,772,726 shares.

As at	January 31, 2021	October 31, 2020
	\$	\$
Convertible debentures, beginning of year	25,822	19,664
Debt assumed (Note 3)	18,809	-
Gain (loss) on extinguishment of debenture	516	(3,808)
Cash advances from debt	980	9,115
Debt issuance to settle liabilities	-	2,700
Debt issuance costs paid in cash	-	(260)
Conversion of debenture into equity	(6,759)	(550)
Transfer of warrants component to equity	-	(420)
Transfer of conversion component to equity	(467)	(523)
Transfer of conversion component to derivative liability	-	(921)
Repayment of debt	(180)	(1,637)
Accretion on convertible debentures	804	2,462
Total	39,525	25,822
Less current portion	(15,494)	(14,446)
Long-term	24,031	11,376



High Tide Inc.

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11. 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 January 31, 2021, the Company incurred accretion of \$10.

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 July 16, 2020, the Company refinanced the loan through Windsor Private Capital ("Windsor"), a Toronto-based merchant bank. The new loan has a seventeen - month term and bears an interest rate of 10% per annum payable monthly with a maturity date of December 30th, 2021. The Company also incurred \$43 in transaction costs, which will be expensed over the term of the loan using the effective interest rate.

On September 4, 2019, the Company entered into a \$2,000 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. The loan was personally guaranteed by the CEO. On September 14, 2020, the Company entered into loan amending agreement, the maturity of the Loan was extended until September 30, 2021. The Company also entered into a warrant exchange agreement wherein the 1,600,000 warrants the Lender originally received as consideration for the Loan under the Loan Agreement, having an exercise price of \$0.85 per common share and exercisable for a period of 2 years from the effective date of the Loan, were terminated and 1,600,000 new warrants having an exercise price of \$0.30 per Common Share and expiring on September 30, 2021 were issued. Management calculated the fair value of the liability component as \$1,928 using a discount rate of 22%, with the residual amount of \$72 net of deferred tax of \$17 being allocated to warrants, recorded in equity. During the three-month ended January 31, 2021, the Company incurred accretion of \$17.

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, 2025. The note payable has been recorded at its fair value of \$69 by discounting it over six months at a market interest rate of 22%. During the three-months ended January 31, 2021, the Company incurred accretion of \$6.

On November 18, 2020, the Company acquired all of the issued and outstanding shares of Meta which included notes payable to Opaskwayak Cree Nation ("OCN"). Notes payable were valued at \$12,783 at the date of acquisition by discounting it over two years at market interest rate of 15%. On January 6, 2021, the Company entered into another Amended Loan Agreement with OCN to remove the annual administration fee and extend the maturity date of the loan until December 31, 2024. As a result of the debt restructuring, the Company recognized a \$1,145 debt restructuring gain in the statement of net loss and comprehensive loss for the period ended January 31, 2021. The carrying value of the loan balance as at January 31, 2021 amounts to \$11,402. During the three-months ended January 31, 2021, the Company incurred accretion of \$267 and also made \$503 in payment towards the outstanding balance.

As at	January 31, 2021	October 31, 2020
	\$	\$
Vendor loan	1,600	1,600
Term loan	1,956	1,939
OCN – notes payable	11,402	-
Loan to partners (Note 3)	542	-
Dreamweavers – notes payable	129	162
Saturninus Partners – notes payable	690	690
Government loan	90	84
Total	16,409	4,475
Less current portion	(4,098)	(1,939)
Long-term	12,311	2,536

12. Share Capital

(a) Issued:

Common shares:

	Number of shares	Amount
	#	\$
Balance, October 31, 2019	207,406,629	26,283
Issued to pay fees in shares	3,852,319	860
Issued to pay interest via shares	6,782,011	1,168
Acquisition - KushBar	2,645,503	500
Acquisition - 2680495	4,761,905	1,048
Acquisition - Saturninus	5,319,149	1,064
Acquisition - 102088460	5,000,000	975
Lease acquisition - Canmore	612,764	104
Exercise - Convertible Debt	3,709,916	550
Balance, October 31, 2020	240,090,196	32,552
Acquisition - Meta Growth (Note 3)	196,063,610	35,290
Prepaid Interest paid in shares	7,646,923	1,458
Conversion of convertible debentures (Note 10)	31,539,234	6,759
Excercise options (Note 13)	62,500	13
Conversion of warrants	800,824	240
Issued to pay fees in shares ⁽ⁱ⁾	1,025,477	174
Balance, January 31, 2021	477,228,764	76,486

- (i) During the three months period ended January 31, 2021, Company settled payables of \$174 through issuance of 1,025,477 common shares of the Company. The fair value of \$174 was based on the closing price of \$0.175 on the date of issuance.



High Tide Inc.

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13. Share – Based Compensation

(a) 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. 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:

	January 31, 2021		October 31, 2020	
	Number of options	Weighted Average Exercise Price (\$)	Number of options	Weighted Average Exercise Price (\$)
Balance, beginning of year	9,310,000	0.50	10,610,000	0.50
Granted ⁱ	23,633,280	0.27	200,000	0.50
Cancelled	(7,100,000)	0.50	-	-
Forfeited	-	-	(1,500,000)	0.50
Exercised	(62,500)	0.20	-	-
Balance, end of period	25,780,780	0.29	9,310,000	0.50
Exercisable, end of period	11,318,280	0.29	7,370,625	0.50

For the period ended January 31, 2021, the Company recorded share-based compensation of \$553 (2020 - \$27) related to stock options.

- (i) On November 18, 2020, the Company acquired all the issued and outstanding shares of Meta which resulted in acquiring 3,683,280 options outstanding on the date of closing. The fair value of the options acquired were calculated using the Black-Scholes option pricing model valued using the Black-Scholes model and the following assumptions were used: stock price of \$0.18; expected life of 1 years; \$nil dividends; expected volatility of 100%; exercise price as per the plan times the exchange ratio of 0.824; and a risk-free interest rate of 0.52%. During the three months ended Jan 31, 2021 the Company granted 19,950,000 options to directors, officers, employees and consultants of the Company and its subsidiaries. The options were valued using the Black-Scholes model and the following assumptions were used: stock price of \$0.19; expected life of 3 years; \$nil dividends; expected volatility of 140%; exercise price of \$0.20; and a risk-free interest rate of 0.52%.

(b) Restricted Share Units ("RSUs") plan

On November 18, 2020, the Company acquired all the issued and outstanding shares of Meta which resulted in acquiring 943,579 RSUs outstanding on the date of closing based on the exchange ratio of 0.824 agreed upon in the arrangement agreement. The Company's RSU plan is applicable to directors, officers, and employees of the Company. The RSUs are equity-settled and each RSU can be settled for one common share for no consideration. The number of RSUs outstanding at January 31, 2021 amounts to 943,579. These RSUs were recorded in contributed surplus using the Black-Scholes model and the following assumptions were used: stock price of \$0.18; expected life of 0.35 years; \$nil dividends; expected volatility of 70%; exercise price of \$0.18; and a risk-free interest rate of 0.52%.



High Tide Inc.

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

14. Warrants

	Number of warrants	Warrants amount	Derivative liability amount	Weighted average exercise price	Weighted average number of years to expiry	Expiry dates
	#	\$	\$	\$		
Opening balance, November 1, 2019	43,677,333	6,609	-	0.6083	1.13	-
Re-class warrants on convertible debt to equity	-	(660)	-	-	-	-
Issued warrants for services ⁽ⁱ⁾	300,000	64	-	0.3800	0.00	September 3, 2021
Issued warrants for services ⁽ⁱⁱ⁾	3,500,000	204	-	0.3000	0.03	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	80	-	0.5000	0.08	November 14, 2021
Issued warrants on convertible debt December 4, 2019 (Note 10)	8,392,857	109	-	0.5000	0.08	December 4, 2021
Issued warrants on convertible debt December 14, 2019 (Note 10)	7,936,508	135	-	0.5000	0.08	December 12, 2021
Issued warrants for acquisition - Saturninus	3,750,000	100	-	0.4000	0.04	January 26, 2022
Issued warrants on convertible debt January 06, 2020 (Note 10) ^(iv)	58,823,529	-	266	0.2550	0.62	December 31, 2022
Issued warrants on debt September 14, 2020 (Note 11)	1,600,000	55	-	0.3000	-	September 30, 2021
Warrants terminated (Note 11)	(1,600,000)	(105)	-	-	-	-
Warrants expired	(4,252,620)	(906)	-	-	-	-
Balance, October 31, 2020	131,064,114	5,796	266	0.4159	2.07	
Warrants expired	(18,868,969)	(3,946)	-	-	-	-
Re-class warrants to derivative liability ⁽ⁱⁱ⁾	-	(204)	833	-	-	November 12, 2021
Issued warrants for acquisition - Meta (Note 3)	741,600	3	-	1.3110	0.00	December 14, 2021
Issued warrants for acquisition - Meta (Note 3)	37,454,590	2,445	-	0.3520	0.56	February 6, 2023
Issued warrants for acquisition - Meta (Note 3)	2,621,821	171	-	0.3520	0.04	February 6, 2023
Issued warrants for acquisition - Meta (Note 3)	4,120,000	120	-	1.1040	0.07	April 11, 2023
Conversion of warrants	(800,000)	(27)	-	-	-	-
Issued warrants on convertible debt January 06, 2020 (Note 10) ^(iv)	-	-	10,354	-	-	December 31, 2022
Warrants cancelled (Note 10)	(23,529,412)	-	-	-	-	-
Balance, January 31, 2021	132,803,744	4,358	11,453	0.4159	2.74	

As at January 31, 2021 132,803,744 warrants were exercisable.

- 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 \$64 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 \$204 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 70% based on comparable companies; exercise price of \$0.30; and a risk-free interest rate of 1.6%. The Company measured the derivative liability to be \$833 and recognized \$628 as a loss on revaluation of derivative liability in the statement of net loss and comprehensive loss for the period ended January 31, 2021.
- 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%.
- iv) The Company measured the derivative liability to be \$10,620 and recognized \$10,032 as a loss on revaluation of derivative liability in the statement of net loss and comprehensive loss for the period ended January 31, 2021.

**High Tide Inc.****Notes to the Condensed Interim Consolidated Financial Statements**

For the three months ended January 31, 2021 and 2020

HIGHTIDE

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

15. Loss Per Share

	Three months ended	
	January 31	
	2021	2020
	\$	\$
Net loss for the period	(16,845)	(3,945)
Non-controlling interest	(24)	(3)
Net income (loss) for the period attributable to owners of the Company	(16,869)	(3,948)
	#	#
Weighted average number of common shares - basic	406,363,073	183,626,456
Weighted average number of common shares - diluted	697,394,089	-
Basic income (loss) per share	(0.04)	(0.02)
Dilutive income (loss) per share	(0.02)	(0.02)

16. 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.

Fair value

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, marketable securities, loans receivable, accounts payable and accrued liabilities, notes payable, convertible debentures, derivative liabilities and shareholders' loans.

IFRS 13 establishes a three-level hierarchy that prioritizes the inputs relative to the valuation techniques used to measure fair value. Fair values of assets and liabilities included in Level 1 of the hierarchy are determined by reference to quoted prices in active markets for identical assets and liabilities. Fair value of assets and liabilities in Level 2 are determined using inputs other than quoted prices for which all significant outputs are observable, either directly or indirectly. Fair value of assets and liabilities in Level 3 are determined based on inputs that are unobservable and significant to the overall fair value measurement. Accordingly, the Company has categorized its financial instruments carried at fair value into one of three different levels depending on the observability of the inputs employed in the measurement. The Company's cash and cash equivalents are subject to Level 1 valuation.

The marketable securities and derivative liability have been recorded at fair value based on level 2 inputs. The carrying values of accounts receivable, accounts payable and accrued liabilities and shareholder loans approximate their fair values due to the short-term maturities of these financial instruments. The carrying value of the notes payable and convertible debentures approximate their fair value as they are discounted using a market rate of interest.

Loans receivable are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The fair values of loans receivable are not materially different to their carrying amounts, since the interest rate on those loans is either close to current market rates or the loans are of a short-term nature.

Marketable securities

In connection with the Company's acquisition of META on November 18, 2020, the Company acquired 1,350,000 shares of THC Global Group Limited ("THC"). The fair value of the THC shares amounting to \$606 has been recognized as a marketable security, based on the trading price of THC's shares. In addition, to this the Company has also recorded \$245 in GICs as a marketable security.

Credit risk

Credit risk arises when a party to a financial instrument will cause a financial loss for the counter party by failing to fulfill its obligation. Financial instruments that subject the Company to credit risk consist primarily of cash, accounts receivable, marketable securities and loans receivable. The credit risk relating to cash and cash equivalents and restricted marketable securities balances is limited because the counterparties are large commercial banks. The amounts reported for accounts receivable in the statement of consolidated financial position is net of expected credit loss and the net carrying value represents the Company's maximum exposure to credit risk. Accounts receivable credit exposure is minimized by entering into transactions with creditworthy counterparties and monitoring the age and balances outstanding on an ongoing basis. Sales to retail customers are required to be settled in cash or using major credit cards, mitigating credit risk.

16. Financial Instruments and Risk Management (continued)

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

As at	January 31, 2021	October 31, 2020
	\$	\$
Current (for less than 30 days)	2,188	1,822
31 – 60 days	185	246
61 – 90 days	92	202
Greater than 90 days	1,076	762
Less allowance	(169)	(359)
	3,372	2,673

For the three months ended January 31, 2021, \$190 in trade receivables were written off against the loss allowance due to bad debts (year ended October 31, 2020 – \$1,280). 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 year ended January 31, 2021, 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, 2020				
Accounts payable and accrued liabilities	6,421	6,421	-	-
Notes payable	4,475	1,939	2,536	-
Convertible debentures	25,822	14,446	11,376	-
Total	36,718	22,806	13,912	-
January 31, 2021				
Accounts payable and accrued liabilities	9,071	9,071	-	-
Notes payable	16,409	4,098	12,311	-
Convertible debentures	39,525	15,494	24,031	-
Total	65,005	28,663	36,342	-

Interest rate risk

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

Foreign currency risk

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

16. Financial Instruments and Risk Management (continued)

The Canadian dollar equivalent carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities as at January 31, 2021 was as follows:

(Canadian dollar equivalent amounts of US dollar and Euro balances)	January 31, 2021 (Euro)	January 31, 2021 (USD)	January 31, 2021 Total	October 31, 2020
	\$	\$	\$	\$
Cash	330	1,232	1,562	975
Accounts receivable	232	312	544	653
Accounts payable and accrued liabilities	(813)	(983)	(1,796)	(1,728)
Net monetary assets	(251)	561	310	(100)

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 +/- \$28 (October 31, 2020 - \$34). 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 +/- \$13 (October 31, 2020 - \$39). To date, the Company has not entered into financial derivative contracts to manage exposure to fluctuations in foreign exchange rates.

17. 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.

For the three months ended January 31,	Retail 2021 (\$)	Retail 2020 (\$)	Wholesale 2021 (\$)	Wholesale 2020 (\$)	Corporate 2021 (\$)	Corporate 2020 (\$)	Total 2021 (\$)	Total 2020 (\$)
Total Revenue	36,757	12,120	1,551	1,378	11	217	38,319	13,715
Gross profit	14,195	4,106	562	471	11	216	14,768	4,793
Income (loss) from operations	1,238	(638)	(222)	(376)	(3,061)	(1,103)	(2,045)	(2,117)
Net Income (loss)	(182)	(712)	(335)	(400)	(16,328)	(2,833)	(16,845)	(3,945)

Total assets	94,642	46,678	5,932	5,972	66,000	17,161	166,574	69,811
Total liabilities	38,470	22,893	2,111	1,894	72,194	33,301	112,775	58,088

For the three months ended January 31,	Canada 2021 (\$)	Canada 2020 (\$)	USA 2021 (\$)	USA 2020 (\$)	Europe 2021 (\$)	Europe 2020 (\$)	Total 2021 (\$)	Total 2020 (\$)
Total Revenue	34,202	12,297	643	-	3,474	1,418	38,319	13,715
Gross profit	12,984	4,062	219	-	1,565	731	14,768	4,793
Income (loss) from operations	(2,489)	(1,747)	(114)	(181)	558	(189)	(2,045)	(2,117)
Net Income (loss)	(17,090)	(3,547)	(129)	(204)	374	(194)	(16,845)	(3,945)

Total assets	155,673	60,621	2,554	1,062	8,347	8,128	166,574	69,811
Total liabilities	98,739	55,471	765	806	13,271	1,811	112,775	58,088

18. Related Party Transactions

As at January 31, 2021, 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 a director of the Company, CannalIncome Fund Corporation, for a total subscription amount of \$250.

A Director of the Company is Chief of the Opaskwayak Cree Nation ("OCN"). On November 18, 2020, the Company acquired all of the issued and outstanding shares of Meta which included notes payable to Opaskwayak Cree Nation ("OCN"). As at January 31, 2021 the Company has drawn \$13,000.

Operational transactions

An office and warehouse unit has been developed by Grover Properties Inc., a company that is related through a common controlling shareholder and the President & CEO of the company. The office and warehouse space were leased to High Tide to accommodate the Company's operational expansion. 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 granted to Grover Properties Inc. 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.

19. 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, 2020	16,413
Net additions	12,456
Depreciation expense for the period	(1,359)
Balance at January 31, 2021	27,510

Lease Liabilities	
	\$
Balance at November 1, 2020	16,668
Net additions	12,580
Cash outflows in the period	(1,088)
Accretion (Interest) expense for the period ended	469
Balance at January 31, 2021	28,629
Current	(5,152)
Non-current	23,477

As at January 31, 2021, \$1,827 is due to the Company in respect of sublease arrangements for franchise cannabis retail locations. For the period ended January 31, 2021, \$80 was received in respect of sublease arrangements, which was recognized as other revenue. During the period ended January 31, 2021, the Company also paid \$660 in variable operating costs associated to the leases which are expensed under general and administrative expenses.

The following is a summary of the contractual undiscounted cash outflows for lease obligations as of January 31, 2021:

	\$
Less than one year	7,792
Between one and five years	21,713
Greater than five years	5,795
	35,300

20. Contingent liability

In the normal course of business, the Company and its subsidiaries may become defendants in certain employment claims and other litigation. The Company records a liability when it is probable that a loss has been incurred and the amount can be reasonably estimated. Other than the claims described below, the Company is not involved in any legal proceedings other than routine litigation arising in the normal course of business, none of which the Company believes will have a material adverse effect on the Company's business, financial condition or results of the operations.

21. Non-controlling interest

The following table presents the summarized financial information for the Company's subsidiaries which have non-controlling interests. This information represents amounts before intercompany eliminations.

	2021	2020
	\$	\$
Total current assets	1,358	2,540
Total non-current assets	4,259	3,696
Total current liabilities	(1,908)	(942)
Total non-current liabilities	(1,323)	(1,080)
Revenues for the year ended	3,240	6,011
Net income for the year ended	352	1,320

The net change in non-controlling interests is as follows:

As at	January 31, 2021	October 31, 2020
	\$	\$
Balance, beginning of the year	1,552	(179)
Share of (loss) income for the period	24	614
Purchase of minority interest - KushBar Inc.	-	187
Purchase of - Saturninus Partners	-	930
Purchase of - Meta (Note 3)	2,208	-
	3,784	1,552

As of October 31, 2019, the Company held a 50.1% ownership interest in KushBar, with \$179 NCI. As well, the Company owed the non-controlling interest shareholder \$701 (2018 - \$36). The loan carries no interest and is due on demand. 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").

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 arrangement as a joint venture with controlling interest.

On November 18, 2020, the Company acquired all of the issued and outstanding shares of Meta which included four joint ventures with controlling interest. These joint ventures operate as a licensed cannabis retail store in Manitoba.

22. Subsequent Events

- (i) On February 22, 2021, the Company closed of its previously announced "bought deal" short-form prospectus offering (the "Offering") of units of the Company (the "Units"), including the exercise in full of the underwriters' over-allotment option. The Offering was led by ATB Capital Markets Inc. and Echelon Wealth Partners Inc., together with Beacon Securities Limited and Desjardins Securities Inc. In connection with the Offering, the Company issued an aggregate of 47,916,665 Units at a price of \$0.48 per Unit, for aggregate gross proceeds of \$23,000. Each Unit is comprised of one common share of the Company (each, a "Common Share") and one half of one Common Share purchase warrant (each whole warrant, a "Warrant"). Each Warrant entitles the holder thereof to purchase one additional Common Share at an exercise price of \$0.58, for a period of 36 months following the closing of the Offering.
- (ii) Subsequent to the period ended January 31, 2021, \$23,260 of debt was converted into common shares.
- (iii) On March 24, 2021, the Company acquired all the issued and outstanding shares of Smoke Cartel ("SC Shares") for US\$8,000, implying an approximate value of US\$0.31 per SC Share. The consideration was comprised of: (i) 9,540,754 common shares of High Tide (the "HT Shares"), having an aggregate value of US\$6,000; and (ii) US\$2,000 in cash. Pursuant to the Acquisition Agreement, 25% of the Share Consideration has been placed in escrow for a period of 12 months from Closing.