September 30, 2019

2019 Third Quarter Report

for the Period Ended July 31, 2019

High Tide Inc. ("High Tide" or the "Company") (CSE:HITI) (OTCQB:HITIF) (Frankfurt:2LY), an Alberta-based, retail-focused cannabis corporation enhanced by the manufacturing and wholesale distribution of smoking accessories and cannabis lifestyle products, has filed its financial results for the third fiscal quarter of 2019 ending July 31, the highlights of which are included below, followed by the Condensed Interim Consolidated Financial Statements and Management's Discussion and Analysis.

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

- Revenue for the three months ended July 31, 2019 increased by 281%, to $8,288 from $2,175 for the same period in the previous year. Revenue for the nine months ended July 31, 2019 increased by 199%, to $19,885 from $6,651 for the same period in the previous year. The increases are primarily due to the acquisition of Grasscity, the retail cannabis operations of Canna Cabana which began generating revenue on October 27, 2018 as well as sales made to new customers in the Company's Wholesale Segment.
- Gross margin for the three months ended July 31, 2019 increased by 160%, to $3,060 from $1,177 in the same period in 2018, primarily due to an increase in sales volume. Gross margin for the nine months ended July 31, 2019 increased by 97%, to $7,202 from $3,650 in the same period in 2018 due to the same increase in sale volume.
- For the nine months ended July 31, 2019, the Company generated a loss of $10,864 (2018 – loss of $687) and had net operating cash outflows of $12,584 (2018 – outflows of $1,824). The loss and cash outflows are primarily driven by start-up costs to incorporate and staff High Tide and Canna Cabana, as well as from an increase in professional fees and rent paid.
- For the quarter ended July 31, 2019, the total assets of the Company increased by 6% to $50,703 from $47,677 on April 30, 2019.
- High Tide had a working capital surplus of $13,839 for the three months ending July 31, 2019 (October 31, 2018 - $14,919), mainly due to an increase in liabilities resulting from expanded operations as Canna Cabana began to operate and Grasscity was acquired.

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

- On May 9, 2019, High Tide opened its 14th and 15th Canna Cabana retail store locations in Fort Saskatchewan, Alberta, and Lacombe, Alberta
- On May 15, 2019, High Tide received approval from the Depository Trust Company (the "DTC") to make the Company's common shares eligible to be electronically cleared and settled through DTC, making High Tide's shares more accessible to investors in the United States
- On May 24, 2019, High Tide announced that it had acquired Dreamweavers Cannabis Products Ltd., a retail cannabis store and e-commerce business currently operating in Swift Current, Saskatchewan
- On May 29, 2019, it was announced that High Tide had partnered with Halo Labs Inc. for the exclusive global distribution of DabTabs™ Home Preparation Kits
- On June 4, 2019, the Company announced the opening of a Smoker's Corner store in the Royal Chapelle area of Edmonton
- On June 13, 2019, High Tide announced the receipt of AGCO Authorization to open the Canna Cabana Toronto retail cannabis store on Yonge Street, which opened on June 15, 2019
- On June 17, 2019, High Tide closed the final tranche of its oversubscribed convertible debenture offering, with gross proceeds raised of $11,560
- On June 26, 2019, the Company announced that it had upgraded Grasscity to the Magento 2 e-commerce platform
- On July 3, 2019, a Canna Cabana location began selling cannabis in Grand Prairie with 10 more Alberta stores announced to follow shortly
- On, July 10, 2019, High Tide announced the opening of Canna Cabana locations in Edmonton and Okotoks
- On July 18, 2019, the Company announced research analyst coverage by Canaccord Genuity
- On July 23, 2019, High Tide announced the establishment of a 25,000 square-foot warehouse in Nevada to facilitate the expansion of its Wholesale Segment by reducing lead-times on order fulfilment to High Tide's growing customer base in the United States
- On July 24, 2019, High Tide announced the voting results from its first Annual General and Special Meeting of Shareholders as a publicly traded company
- On July 25, 2019, the Company announced the opening of three new Canna Cabana stores selling recreational cannabis in Alberta
- On July 29, 2019, the Company announced its 9th celebrity licenses secured by Famous Brandz and the renewal of a key existing license
- On July 31, 2019, High Tide announced the opening of a Canna Cabana in Fort Saskatchewan as its 11th location selling recreational cannabis in Alberta, bringing its total to 15 branded locations across Canada at that time

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

- On August 8, 2019, High Tide announced the opening of a Canna Cabana in Lloydminster
- On August 15, 2019, the Company announced the opening of a Canna Cabana in Olds
- On August 22, 2019, High Tide announced the opening of a Canna Cabana in Bonnyville
- On August 29, 2019, the Company announced Canna Cabana stores in Calgary, Edmonton and Red Deer

- On September 4, 2019, High Tide announced the acquisition of the Smoker's Corner franchise on Jasper Avenue in Edmonton for conversion into a Canna Cabana location
- On September 6, 2019, the Company announced the opening of Canna Cabana stores in Calgary and Vegreville
- On September 12, 2019, High Tide announced the opening of a Canna Cabana in St. Alberta and that it had secured a location in Banff
- On September 13, 2019, the Company announced the opening of its first KushBar location, bringing its total to 25 branded retail cannabis stores across Canada

SUMMARY OF KEY FINANCIAL MEASURES

For the nine months ended July 31, 2019

$ Millions (except where noted)	**Nine months ended July 31** **2019**	2018
	$	$
Revenue	**19.9**	6.7
Gross Margin	**7.2**	3.6
Gross Margin Percentage	**36%**	55%
Total Expenses	**(21.8)**	(4.3)
Loss Before Taxes	**(14.6)**	(0.7)
Net Loss for the Period	**(10.9)**	(0.7)
Loss Per Share (Basic)	**(0.06)**	(0.01)
Loss Per Share (Diluted)	**(0.06)**	(0.01)

SUMMARY OF QUARTERLY MEASURES

(C$ in millions, except per share amounts)	**Q3 2019**	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017
Net Revenue	**8.3**	6.6	5.0	2.1	2.2	1.7	2.7	2.5
Income (Loss) Before OCI	**(3.8)**	(3.3)	(3.8)	(3.8)	(0.6)	(0.4)	0.3	0.3
Basic EPS	**(0.02)**	(0.02)	(0.02)	(0.05)	-	-	0.01	-
Diluted EPS	**(0.02)**	(0.02)	(0.02)	(0.05)	-	-	0.01	-

Condensed Interim Consolidated Financial Statements

For the three and nine months ended July 31, 2019 and 2018

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

(Unaudited)

Notice of no auditor review of Condensed Interim Consolidated Financial Statements for the three and nine month periods ended July 31, 2019 and 2018.

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

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

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

Approved on behalf of the Board:

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

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

(Unaudited – In thousands of Canadian dollars)

	Notes	July 31, 2019	October 31, 2018
		$	$
Assets			
Current assets			
Cash and cash equivalents		**2,502**	8,198
Restricted marketable securities		**50**	-
Accounts receivable	*13*	**2,587**	855
Inventory		**5,718**	3,463
Prepaid expenses, deposits and other receivables		**5,456**	4,931
Current portion of loans receivable		**278**	62
Total current assets		**16,591**	17,509
Non-current assets			
Property and equipment	*6*	**11,330**	3,598
Long term prepaid expenses, deposits and other receivables		**300**	1,200
Long term accounts receivable		**773**	706
Loans receivable		**892**	-
Deferred tax asset		**5,787**	1,975
Intangible assets	*5*	**7,587**	934
Goodwill		**7,443**	-
Total non-current assets		**34,112**	8,413
Total assets		**50,703**	25,922
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		**2,091**	2,515
Short term contract liability		**14**	-
Income taxes payable		**222**	33
Current portion of finance lease obligation		**6**	6
Shareholder loans		**419**	36
Total current liabilities		**2,752**	2,590
Non-current liabilities			
Notes payable		**1,900**	-
Convertible debentures	*7*	**21,439**	-
Long term contract liability		**352**	-
Finance lease obligations		**13**	17
Total non-current liabilities		**23,704**	17
Total liabilities		**26,456**	2,607
Shareholders' equity			
Share capital	*8*	**27,257**	35,695
Contributed surplus		**1,939**	-
Convertible debentures – equity	*7*	**935**	-
Warrants	*11*	**5,776**	16,904
Special warrants	*10*	**-**	905
Accumulated other comprehensive income		**6**	-
Accumulated deficit		**(11,551)**	(30,176)
Equity attributable to owners of the Company		**24,362**	23,328
Non-controlling interest		**(115)**	(13)
Total shareholders' equity		**24,247**	23,315
Total liabilities and shareholders' equity		**50,703**	25,922

(Unaudited – In thousands of Canadian dollars)

	Notes	Three months ended July 31 2019	2018	Nine months ended July 31 2019	2018
		$	$	$	$
Revenue					
Merchandise sales (net of discounts)	*4*	**7,707**	1,933	**18,885**	5,857
Royalty revenue	*4*	**449**	201	**584**	641
Interest and other revenue	*4*	**132**	41	**416**	153
Net revenue		**8,288**	2,175	**19,885**	6,651
Cost of sales		**(5,228)**	(998)	**(12,683)**	(3,001)
Gross profit		**3,060**	1,177	**7,202**	3,650
Expenses					
Salaries, wages and benefits		**(2,678)**	(785)	**(7,019)**	(1,835)
Share-based Compensation		**(207)**	-	**(2,029)**	-
General and administration		**(1,931)**	(291)	**(4,953)**	(1,057)
Professional fees		**(1,169)**	(582)	**(3,521)**	(932)
Advertising and promotion		**(554)**	(157)	**(1,720)**	(384)
Depreciation and amortization		**(462)**	(9)	**(910)**	(29)
Interest and bank charges		**(97)**	(60)	**(298)**	(107)
Total expenses		**(7,098)**	(1,884)	**(20,450)**	(4,344)
Loss from operations		**(4,038)**	(707)	**(13,248)**	(694)
Other income (expenses)					
FV Change in Conversion Feature and warrants liability		-	-	-	28
Disposition of marketable securities		-	51	-	51
Gain on disposal of asset		**(2)**	-	-	-
Discount on accounts receivable		**5**	-	**87**	-
Financing Costs		**(1,040)**	-	**(1,414)**	-
Foreign exchange gain (loss)		**41**	32	**5**	(30)
Total other income (expenses)		**(996)**	83	**(1,322)**	49
Loss before taxes		**(5,034)**	(624)	**(14,570)**	(645)
Income tax recovery (expense)		**1,310**	9	**3,706**	(42)
Net loss and comprehensive loss for the period		**(3,724)**	(615)	**(10,864)**	(687)
Net loss and comprehensive loss attributable to:					
Owners of the Company		**(3,696)**	(605)	**(10,762)**	(677)
Non-controlling interest		**(28)**	(10)	**(102)**	(10)
		(3,724)	(615)	**(10,864)**	(687)
Loss per share					
Basic	*12*	**(0.02)**	**(0.00)**	**(0.06)**	**(0.01)**
Diluted	*12*	**(0.02)**	**(0.00)**	**(0.06)**	**(0.01)**

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

High Tide Inc.

Condensed Interim Consolidated Statements of Changes in Equity

(Unaudited – In thousands of Canadian dollars)

	Note	Share capital	Special warrants	Warrants	Contributed surplus	Equity portion of convertible debt	Accumulated other comprehensive income (loss)	Accumulated deficit	Attributable to owners of the Company	NCI	Total
		$	$	$	$	$	$	$	$	$	$
Balance, October 31, 2017		**668**	-	-	-	-	**51**	**(10,375)**	**(9,656)**	-	**(9,656)**
Shares issued for cash		445	-	-	-	-	-	-	445	-	445
Shares issued on debt conversion		852	-	-	-	-	-	-	852	-	852
Shares issued for services rendered		145	-	-	-	-	-	-	145	-	145
Shares issued - convertible debentures		669	-	-	-	-	-	-	669	-	669
Shares and warrants issued on reorganization		31,987	-	242	-	-	-	(10,789)	21,440	-	21,440
Eliminated on corporate reorganization		(2,779)	-	-	-	-	-	-	(2,779)	-	(2,779)
Dividends on corporate reorganization		-	-	-	-	-	-	(4,492)	(4,492)	-	(4,492)
Shares issued on High Tide incorporation		20	-	-	-	-	-	-	20	-	20
Private placement		3,705	-	-	-	-	-	-	3,705	-	3,705
Share issue costs – cash		(263)	-	-	-	-	-	-	(263)	-	(263)
Broker warrants		(158)	-	158	-	-	-	-	-	-	-
Unrealized loss on marketable securities		-	-	-	-	-	(22)	-	(22)	-	(22)
Marketable securities upon settlement		-	-	-	-	-	(29)	-	(29)	-	(29)
Loss for the period		-	-	-	-	-	-	(673)	(673)	(10)	(683)
Balance, July 31, 2018		**35,291**	**-**	**400**	**-**	**-**	**-**	**(26,329)**	**9,362**	**(10)**	**9,352**
Intangible assets acquisition		301	-	-	-	-	-	-	301	-	301
Special warrants		-	18,364	-	-	-	-	-	18,364	-	18,364
Warrant issue costs		-	(2,000)	506	-	-	-	-	(1,494)	-	(1,494)
Tax effect of share issue costs		103	540	-	-	-	-	-	643	-	643
Loss for remainder of the year		-	-	-	-	-	-	(3,847)	(3,847)	(3)	(3,850)
Balance, October 31, 2018		**35,695**	**16,904**	**906**	-	-	-	**(30,176)**	**23,329**	**(13)**	**23,316**
Transition adjustment – IFRS 9		-	-	-	-	-	-	(26)	(26)	-	(26)
Transition adjustment – IFRS 15		-	-	-	-	-	-	(286)	(286)	-	(286)
Conversion of special warrants	*10*	13,051	(16,904)	3,853	-	-	-	-	-	-	-
Acquisition - Grasscity	*3*	4,205	-	-	-	-	-	-	4,205	-	4,205
Share-based compensation		90	-	-	1,939	-	-	-	2,029	-	2,029
Equity portion of convertible debentures		-	-	-	-	935	-	-	935	-	935
Cumulative translation adjustment		-	-	-	-	-	6	-	6	-	6
IPO transaction Cost		(143)	-	-	-	-	-	-	(143)	-	(143)
Interest payment paid in shares		1,156	-	122	-	-	-	-	1,278	-	1,278
Warrants	*11*	-	-	600	-	-	-	-	600	-	600
Acquisition - Dreamweavers	*3*	1,147	-	295	-	-	-	-	1,442	-	1,442
Corporate reorganization	*8*	(29,699)	-	-	-	-	-	29,699	-	-	-
Fees paid in shares		1,752	-	-	-	-	-	-	1,752	-	1,752
Warrant exercise		3	-	-	-	-	-	-	3	-	3
Comprehensive loss for the period		-	-	-	-	-	-	(10,762)	(10,762)	(102)	(10,864)
Balance, July 31, 2019		**27,257**	**-**	**5,776**	**1,939**	**935**	**6**	**(11,551)**	**24,362**	**(115)**	**24,247**

(Unaudited – In thousands of Canadian dollars)

	Notes	2019	2018
		$	$
Operating activities			
Comprehensive loss for the period		(10,864)	(687)
Income tax (recovery) expense		(3,706)	42
Finance costs and fees for services paid in shares		3,031	8
Depreciation and amortization	*5, 6*	910	29
Derivative liabilty fair value		-	(28)
Disposition of marketable securities		-	(51)
Share-based compensation	*9*	2,029	-
Inventory Obsolesence		-	60
Discount on accounts receivable		(87)	-
		(8,687)	(627)
Changes in non-cash working capital			
Accounts receivable		(1,799)	(845)
Inventory		(2,255)	(679)
Prepaid expenses, deposits and other receivables		374	(1,254)
Advances to related parties		-	642
Accounts payable and accrued liabilities		(424)	893
Contract liability		(365)	-
Shareholder loans		383	-
Income tax payable		189	46
Net cash used in operating activities		(12,584)	(1,824)
Investing activities			
Purchase of property and equipment		(6,791)	(62)
Purchase of intangible assets		(3,160)	(69)
Loans receivable	*17*	(1,108)	301
Loans Payable		1,900	-
Acquisition costs	*3*	(6,277)	-
Net cash (used in) provided by investing activities		(15,436)	170
Financing activities			
Repayment of debt		(4)	(23)
Proceeds from convertible debentures net of issue costs	*7*	22,378	-
Marektable securities		(50)	3,462
Payment of dividends		-	(1,155)
Net cash provided by financing activities		22,324	2,284
Net (decrease) increase in cash and cash equivalents		(5,696)	630
Cash and cash equivalents, beginning of the period		8,198	1,067
Cash and cash equivalents, end of the period		2,502	1,697

1. Nature of Operations

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

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

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

2. Accounting Policies

A. Basis of Preparation

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

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

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

These Financial Statements were approved and authorized for issue by the Board of Directors on September 27, 2019.

B. Use of estimates

The estimates and assumptions are reviewed on an ongoing basis. Revisions in accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years. Significant judgements, estimates, and assumptions within these condensed interim consolidated financial statements remain the same as those applied to the consolidated financial statements for the year ended October 31, 2018 as well as the condensed interim consolidated financial statements for the periods ended January 31, 2019 and April 30, 2019.

C. New Accounting Pronouncements

IFRS 16 Leases

In January 2016, the IASB issued IFRS 16 Leases, which will replace IAS 17 Leases. This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term greater than twelve months, unless the underlying asset's value is insignificant. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. Lessors will continue to classify leases as operating or finance, with lessor accounting remaining substantially unchanged from the preceding guidance under IAS 17, Leases.

Management is currently executing its implementation plan and has completed the initial scoping phase to identify material lease contracts. However, the analysis of such contracts to quantify the transitional impact is still in progress. The most significant impact of IFRS 16 will be our initial recognition of the present value of unavoidable future lease payments as right-of-use assets under property, plant and equipment and the concurrent recognition of a lease liability on the consolidated statement of financial position. Majority of our property leases, which are currently treated as operating leases, are expected to be impacted by the new standard which will result in lower rent expense, higher depreciation expense and higher finance costs related to accretion and interest expense of the lease liability. IFRS 16 will also impact the presentation of the consolidated statement of cash flows by decreasing operating cash flows and increasing financing cash flows.

The standard will be effective for the Company for the fiscal year commencing November 1, 2019. The Company will be adopting the standard retrospectively by recognizing the cumulative impact of initial adoption in opening retained earnings (i.e. the difference between the right-of-use asset and the lease liability). The Company will measure the right-of-use asset at an amount equal to the lease liability on November 1, 2019, apply a single discount rate to leases with similar remaining lease terms for similar classes of underlying assets and will not separate non-lease components from lease components for certain classes of underlying assets.

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

Definition of a Business

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

3. Business Combinations

A. Current period

	Dreamweavers Acquisition
Total consideration	**$**
Cash paid	1,550
Notes Payable	300
Common shares	1,147
Warrants	295
	3,292
Net identifiable assets acquired	
Prepaid expenses and deposits	5
Inventory	100
Property and equipment	272
Intangible assets - licenses	1,457
	1,834
Purchase price allocation	
Net identifiable assets acquired	1,834
Goodwill	1,458
	3,292

On May 23, 2019, the Company, entered into a share purchase agreement to acquire all of the issued and outstanding shares of Dreamweavers Cannabis Products Ltd. ("Dreamweavers"). Based in Swift Current, Saskatchewan, Dreamweavers is a retailer for cannabis products smoking accessories. The Company acquired Dreamweavers to increase its retail footprint, and to establish a presence in the province of Saskatchewan. The Company acquired all of the issued and outstanding shares of Dreamweavers for aggregate consideration of $3,292 which included 3,100,000 common shares with a fair value of $1,147.

Management is in the process of gathering the relevant information that existed at the acquisition date to determine the fair value of the net identifiable assets acquired. As such, the initial purchase price was provisionally allocated based on the Company's estimated fair value of the identifiable assets acquired on the acquisition date. The values assigned are, therefore, preliminary and subject to change. Management continues to refine and finalize its purchase price allocation for the fair value of identifiable intangible assets, property plant and equipment, and the allocation of goodwill. None of the goodwill arising on this acquisition is expected to be deductible for tax purposes.

The Company incurred various legal and due diligence related fees totalling $38; these costs have been included as professional fees in the Financial Statements.

For the three months ended July 31, 2019, Dreamweavers (now operating as a Canna Cabana) accounted for $348 in revenues and $27 in net income.

B. Prior period

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

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

4. Revenue from Contracts with Customers

For the three months ended July 31, 2019	Retail	Wholesale	Corporate	Total
	$	$	$	$
Primary geographical markets				
Canada	5,388	900	226	6,514
USA	1,107	520	-	1,627
International	147	-	-	147
Total revenue	**6,642**	**1,420**	**226**	**8,288**
Major products and services				
Cannabis	4,510	-	-	4,510
Smoking accessories	1,819	1,378	-	3,197
Franchise royalties and fees	239	-	210	449
Interest and other revenue	74	42	16	132
Total revenue	**6,642**	**1,420**	**226**	**8,288**
Timing of revenue recognition				
Transferred at a point in time	6,329	1,378	-	7,707
Transferred over time	313	42	226	581
Total revenue	**6,642**	**1,420**	**226**	**8,288**

For the nine months ended July 31, 2019	Retail	Wholesale	Corporate	Total
	$	$	$	$
Primary geographical markets				
Canada	11,179	3,766	254	15,199
USA	2,812	1,455	-	4,267
International	327	92	-	419
Total revenue	**14,318**	**5,313**	**254**	**19,885**
Major products and services				
Cannabis	8,787	-	-	8,787
Smoking accessories	4,909	5,190	-	10,099
Franchise royalties and fees	357	-	226	583
Interest and other revenue	265	123	28	416
Total revenue	**14,318**	**5,313**	**254**	**19,885**
Timing of revenue recognition				
Transferred at a point in time	13,868	5,190	-	19,058
Transferred over time	450	123	254	827
Total revenue	**14,318**	**5,313**	**254**	**19,885**

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

5. Intangible Assets

	Software	Lease buy-out	Brand Name	Total
Cost	$	$	$	$
Balance, October 31, 2017	-	-	-	-
Additions	159	777	-	936
Balance, October 31, 2018	159	777	-	936
Additions (i)	1,568	3,589	1,804	6,961
Balance, July 31, 2019	**1,727**	**4,366**	**1,804**	**7,897**
Accumulated depreciation				
Balance, October 31, 2017	-	-	-	-
Charge for the period	2	-	-	2
Balance, October 31, 2018	2	-	-	2
Charge for the period	54	71	183	308
Balance, July 31, 2019	**56**	**71**	**183**	**310**
Net book value				
Balance at October 31, 2017	-	-	-	-
Balance at October 31, 2018	157	777	-	934
Balance at July 31, 2019	**1,671**	**4,295**	**1,621**	**7,587**

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

6. Property and Equipment

	Office equipment and computers	Leasehold improvements	Vehicles	Buildings	Total
	$	$	$	$	$
Cost					
Balance, October 31, 2017	49	321	163	-	533
Additions	144	3,288	4	145	3,581
Balance, October 31, 2018	193	3,609	167	145	4,114
Additions (i), (ii)	197	5,655	1	2,655	8,508
Balance, July 31, 2019	**390**	**9,264**	**168**	**2,800**	**12,622**
Accumulated depreciation					
Balance, October 31, 2017	25	311	96	-	432
Charge for the year	24	14	46	-	84
Balance, October 31, 2018	49	325	142	-	516
Charge for the period	68	699	9	-	776
Balance, July 31, 2019	**117**	**1,024**	**151**	**-**	**1,292**
Net book value					
Balance, October 31, 2018	144	3,284	25	145	3,598
Balance, July 31, 2019	**273**	**8,240**	**17**	**2,800**	**11,330**

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

(ii) 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 $700 in cash, a $1,600 vendor take back loan (notes payable), and $300 paid in shares.

7. Convertible Debentures

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

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

The proceeds of $8,360 were first allocated to the debenture component, and the remainder allocated to the equity conversion option and warrants as follows: i) the debenture component for $7,679, ii) the equity conversion option for $224, and iii) the warrants for $398. The company incurred a transaction cost of $59 for issuing the Debenture. The warrants were valued using the Black-Scholes valuation method using the following assumptions: stock price of $0.45; expected life of 2 years; $nil dividends; expected volatility of 130% based on comparable companies; exercise price of $0.85 per share; and risk-free interest rate of 1.56%.

On June 17, 2019, the Company closed the final tranche of the sale of unsecured convertible debentures (the "Debentures") of the Company under the non-brokered private placement (the "Offering") with gross proceeds of $3,200. The outstanding principal amount under the Debentures is convertible at any time before maturity and at the option of the holder, into common shares of the Company (the "Shares") at a conversion price of $0.75 per share. Under the Offering, the Company also issued common share purchase warrants (the "Warrants") such that each subscriber received one Warrant for each $0.75 original principal amount of its Debenture, resulting in 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. 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. The company incurred $122 in issue costs which was paid in warrants at $0.85 per share.

The proceeds of $3,200 were first allocated to the debenture component, and the remainder allocated to the equity conversion option and warrants as follows: i) the debenture component for $3,109, ii) the equity conversion option for $91, and iii) the warrants for $122. The warrants were valued using the Black-Scholes valuation method using the following assumptions: stock price of $0.38; expected life of 2 years; $nil dividends; expected volatility of 130% based on comparable companies; exercise price of $0.85 per share; and risk-free interest rate of 1.40%.

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

8. Share Capital

(a) Issued:

Common shares:

	Number of shares	Amount
	#	$
Balance, October 31, 2017	**18,400,200**	**668**
Issued for cash	11,113,817	445
Issued on debt conversion	20,486,183	852
Issued for services rendered	3,500,000	146
Issued on conversion of convertible debentures	5,017,012	669
Issued on incorporation of High Tide Inc.	2,760,000	20
Issued to acquire common shares of RGR	6,128,304	1,196
Issued to acquire preferred shares of RGR	45,128,840	8,804
Issued to acquire common shares of Smoker's	6,024,250	1,175
Issued to acquire preferred shares of Smoker's	50,358,600	9,825
Issued to acquire common shares of Famous Brandz	30,324,120	10,987
Eliminated upon reorganization	(58,517,212)	(2,779)
Issued for cash on private placement	10,225,800	3,704
Share issue costs – broker warrants	-	(158)
Share issue cost – cash	-	(263)
Tax effect on share issue costs	-	114
Issued upon asset acquisition	800,000	290
Balance, October 31, 2018	**151,749,914**	**35,695**
Issued upon listing of securities (i)	36,728,474	13,051
Issued upon closing of Grasscity acquisition	8,410,070	4,205
Issued to pay fee in shares	1,064,887	522
Issued to pay finders fee	2,977,333	1,230
Issued to pay interest via shares	2,608,624	1,156
Share issue cost (ii)	-	(143)
Corporate re-organization (iii)	-	(29,699)
Issued upon closing of Dreamweavers acquisition	3,100,000	1,147
Share-based compensation	200,000	90
Exercise - broker warrants	7,590	3
Balance, July 31, 2019	**206,846,892**	**27,257**

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

(ii) During the nine months period ended July 31, 2019, the Company incurred costs totalling $143 (July 31, 2018 - $nil) associated with becoming a listed entity on the Canadian Securities Exchange which were expensed as share issue costs.

(iii) The Board of Directors got an approval from the shareholders at the Company's Annual General Meeting, through a special resolution, to reduce its stated capital, in accordance with Part V, paragraph 37 of the Business Corporations Act, and reduce its retained deficit by $29,699 (the "Reduction Amount"). The Reduction Amount was created by the increased value of the common shares issued on the corporate re-organization. Management feels that this increase in stated capital and reduction of accumulated earnings is not reflective of the nature or performance of the business which has operated profitably for many years as evident by the positive retained earnings prior to the accounting adjustments arising on the corporate reorganization.

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

9. Stock Option Plan:

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

	July 31, 2019		October 31, 2018	
	Number of options	**Weighted Average Exercise Price ($)**	**Number of options**	**Weighted Average Exercise Price ($)**
Balance, beginning of period	-	0.50	-	-
Granted	11,410,000	0.50	-	-
Forfeited	(1,000,000)	0.50	-	-
Balance, end of period	10,410,000	0.50	-	-
Exercisable, end of period	5,041,875	0.50	-	-

During, the nine month period ended July 31, 2019, the Company granted 11,410,000 incentive stock options to various officers, directors, employees and consultants. Subsequent to the grant date, 1,000,000 options were forfeited. The options were valued using the Black-Scholes model utilizing the following, weighted average assumptions:

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

10. Special Warrants

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

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

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

11. Warrants

Outstanding warrants at July 31, 2019 were as follows:

	Note	Number of warrants	Amount	Weighted average price	Weighted average number of years to expiry
		#	$	$	
Balance, October 31, 2017		-	-	-	-
Issued in exchange for Famous Brandz's warrants		1,194,590	243	0.4975	0.75
Issued to brokers for private placement		670,680	158	0.3623	0.75
Issued to brokers for special warrant financing		1,164,245	246	0.3246	1.05
Issued to brokers for special warrant financing		1,223,105	259	0.3246	1.17
Balance, October 31, 2018		**4,252,620**	**906**	**0.3773**	**0.93**
Special warrants converted into units November 27, 2018	*10*	18,364,236	3,853	0.7500	1.38
Issued warrants on convertibile debt April 18, 2019		11,146,667	398	0.8500	1.72
Issued warrants for acquisition - Dreamweavers		1,550,000	295	0.7500	1.81
Issued warrants on convertibile debt June 17, 2019		4,266,667	122	0.8500	1.88
Issued warrants for services		2,000,000	202	0.5500	0.49
Balance, July 31, 2019		**41,580,190**	**5,776**	**0.5843**	**1.22**

12. Loss Per Share

	Three months ended July 31		**Nine months ended July 31**	
	2019	2018	**2019**	2018
	$	$	**$**	$
(Net Loss) for the period	**(3,696)**	(605)	**(10,762)**	(677)
Non-controlling interest	**(28)**	(10)	**(102)**	(10)
(Net Loss) for the period attributable to owners of the Company	**(3,724)**	(615)	**(10,864)**	(687)
	#	#	**#**	#
Weighted average number of common shares - basic and diluted	**204,361,819**	150,727,619	**193,021,524**	87,864,340
Basic (loss) per share	**(0.02)**	(0.00)	**(0.06)**	(0.01)
Dilutive (loss) per share [(i)]	**(0.02)**	(0.00)	**(0.06)**	(0.01)

(i) The Company did not have any options, warrants or other potential dilutive common share instruments outstanding during the period ended July 31, 2019.

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

13. Financial Instruments and Risk Management

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

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

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

Credit risk

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

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

As at	July 31, 2019	October 31, 2018
	$	$
Current (for less than 30 days)	1,040	343
31 – 60 days	144	233
61 – 90 days	269	73
Greater than 90 days	1,302	334
Allowance for doubtful accounts	(168)	(128)
	2,587	855

During the period ended July 31, 2019, $171 in trade receivables were written off due to bad debts (year ended October 31, 2018 – $396). Individual receivables which are known to be uncollectible are written off by reducing the carrying amount directly. The remaining accounts receivable are assessed collectively to determine whether there is objective evidence that an impairment has been incurred but not yet been identified.

The Company performs a regular assessment of collectability of accounts receivables. The Company monitors the financial performance and/or cash flows of its franchisees through observation of their point of sale system, receipt of cash from customers and maintains regular contact/discussions. The Company continues to receive payments from the franchisees, and has assessed their amounts to be collectible; however, a significant portion of the accounts will take more than one year to collect. Accordingly, management has classified them as long term. In fiscal 2018, the Company reviewed the expected payment schedule and discounted it using an average franchisee credit adjusted rate of 11% resulting in the receivables being discounted by $474. For the period ended July 31, 2019, management reviewed the estimates with no significant changes. Accordingly, a recovery of $87 was recognized for the nine months ended July 31, 2019, representing time value accretion on the discount, which has been recorded in the statement of comprehensive loss. The Company continues to receive payments from the franchisees. Further, the Company holds security over its franchisees by way of holding the head lease to their operations and having the right to assume control of the Franchisee location and any operations governed by the applicable Franchise Agreement.

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

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company generally relies on funds generated from operations and equity financings to provide sufficient liquidity to meet budgeted operating requirements and to supply capital to expand its operations. The Company 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, 2018				
Accounts payable and accrued liabilities	2,515	2,515	-	-
Shareholder loans	36	36	-	-
Finance lease obligation	23	6	17	-
Total	2,574	2,557	17	-
July 31, 2019				
Accounts payable and accrued liabilities	2,091	2,091	-	-
Shareholder loans	419	419	-	-
Finance lease obligation	19	6	13	-
Total	**2,529**	**2,516**	**13**	-

Interest rate risk

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

Foreign currency risk

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

The Canadian dollar equivalent carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities as at July 31, 2019 was as follows:

(Canadian dollar equivalent amounts of US dollar and Euro balances)	July 31, 2019 (Euro)	July 31, 2019 (USD)	**July 31, 2019 Total**	October 31, 2018
	$	$	**$**	$
Cash	174	65	**239**	90
Accounts receivable (including long term portion)	58	161	**219**	522
Accounts payable and accrued liabilities	(562)	(445)	**(1,007)**	(218)
Net monetary assets	(330)	(219)	**(549)**	394

Assuming all other variables remain constant, a fluctuation of +/- 5.0 percent in the exchange rate between the United States dollar and the Canadian dollar would impact the carrying value of the net monetary assets by approximately +/- $11 (October 31, 2018 - $20). Maintaining constant variables, a fluctuation of +/- 5.0 percent in the exchange rate between the Euro and the Canadian dollar would impact the carrying value of the net monetary assets by approximately +/- $17 (October 31, 2018 - $Nil). To date, the Company has not entered into financial derivative contracts to manage exposure to fluctuations in foreign exchange rates. The Company had no balances denominated in Euros as at October 31, 2018.

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

14. Segmented Information

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

For the three months ended July 31,	Wholesale 2019 ($)	Wholesale 2018 ($)	Retail 2019 ($)	Retail 2018 ($)	Corporate 2019 ($)	Corporate 2018 ($)	Total 2019 ($)	Total 2018 ($)
Net Revenue	**1,421**	1,094	**6,643**	1,080	**226**	-	**8,290**	2,174
Cost of sales	**(927)**	(528)	**(4,297)**	(469)	**(4)**	-	**(5,228)**	(997)
Gross margin	**494**	566	**2,346**	611	**222**	-	**3,062**	1,177
Operating Expenses	**(1,035)**	(913)	**(3,958)**	(558)	**(2,106)**	(413)	**(7,099)**	(1,884)
Other Income (Expenses)	**216**	32	**410**	(23)	**(313)**	83	**313**	92
Net Income (loss)	**(325)**	(315)	**(1,202)**	30	**(2,197)**	(330)	**(3,724)**	(615)

For the nine months ended July 31,	Wholesale 2019 ($)	Wholesale 2018 ($)	Retail 2019 ($)	Retail 2018 ($)	Corporate 2019 ($)	Corporate 2018 ($)	Total 2019 ($)	Total 2018 ($)
Net Revenue	**5,314**	3,771	**14,317**	2,880	**254**	-	**19,885**	6,651
Cost of sales	**(3,345)**	(2,252)	**(9,333)**	(750)	**(5)**	-	**(12,683)**	(3,002)
Gross margin	**1,969**	1,519	**4,984**	2,130	**249**	-	**7,202**	3,649
Operating Expenses	**(2,924)**	(2,093)	**(9,403)**	(1,782)	**(8,123)**	(468)	**(20,450)**	(4,343)
Other Income (Expenses)	**242**	101	**1,020**	(92)	**1,122**	(2)	**2,384**	7
Net Income (loss)	**(713)**	(473)	**(3,399)**	256	**(6,752)**	(470)	**(10,864)**	(687)

15. Related Party Transactions

As at July 31, 2019, the Company had the following transactions with related parties as defined in IAS 24 – *Related Party Disclosures*, except those pertaining to transactions with key management personnel in the ordinary course of their employment and/or directorship arrangements and transactions with the Company's shareholders in the form of various financing.

Financing transactions

As at July 31, 2019, the Company owed the non-controlling interest shareholder of KushBar Inc. $426.The loan carries no interest and is due on demand.

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

Operational transactions

The Company paid $807 (2018 - $295), to 1990299 Alberta Ltd. ("199"), a company controlled by the President and CEO of the Company, for inventory purchases. 199 primarily facilitates the import of goods and sells these imported goods to the Company at 199's purchasing and transportaion costs, without markup. High Tide incorporated HT Global Imports and has transitioned the process of facilitation of its imports from 199 to HT Global Imports instead.

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 for the development of this unit, a loan guarantee of up to $1,500 has been provided by Smoker's Corner Ltd., a subsidary of High Tide Inc.

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

16. Commitments and Contingencies

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

As at	July 31, 2019	October 31, 2018
	$	$
Less than one year	2,532	2,336
Between one and five years	13,191	10,103
Greater than five years	3,795	2,532
	19,518	14,971

As at July 31, 2019 Canna Cabana has entered into contracts totalling $13,165. This includes leases for a total of 51 locations, including a warehouse in Regina, as well as construction and security contracts to complete the build out of the retail locations across Canada.

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

Contingent liability

An action with the Court of Queen's Bench (Alberta) (the "QB Claim") and a complaint with the Human Rights Tribunal (Alberta) (the "HR Complaint") was filed by a former employee. The amount claimed by the former employee is approximately $200 plus interest and other costs. The Company has calculated a provision based on the amount claimed and the probability of the QB Claim being successful.

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

17. Loans Receivable

	July 31, 2019	October 31, 2018
	$	$
Term loans [i]	1,170	62
Demand loan	-	1,094
Demand loan written-off	-	(1,094)
Total loans receivable	1,170	62

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

18. Subsequent Events

(i) On September 1, 2019, the Company acquired assets of Smoker's Corner franchise located on Jasper Avenue, Edmonton, Alberta. The total consideration paid to acquire the franchise was $475, of which $270 payable in cash and the remainder was paid through the issuance of 559,742 common shares of the Issuer, with each common share having a deemed value of approximately $0.367 per common share.

(ii) On September 4, 2019, the Company obtained a $2,000 term loan bearing an interest rate of 12% per annum. The purpose of the loan is to finance ongoing working capital and the Company's growing operations. The loan is due on September 4, 2020. The Company issued 1,600,000 warrants to the lender, exercisable at a price of $0.85 per share, for a period of two years.

Management's Discussion & Analysis

For the three and nine months ended July 31, 2019 and 2018

Dated as at September 27, 2019

1.0 Preface

1.1 Overview

This Management's Discussion and Analysis ("MD&A") of the results of operations and of the unaudited consolidated financial position of High Tide Inc. ("High Tide" or the "Company") is for the three and nine months ended July 31, 2019 and 2018, and should be read in conjunction with the audited consolidated financial statements of the Company for the year ended October 31, 2018 (hereafter the "Financial Statements") 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: the "Retail" Segment represented by businesses including Canna Cabana, KushBar, Grasscity and Smoker's Corner, the "Wholesale" Segment represented by RGR and Famous Brandz, and the "Corporate" Segment.

High Tide is a vertically-integrated manufacturer, distributor and retailer of smoking accessories as well as a downstream-focused retailer of cannabis products. The Company's shares are listed on the Canadian Stock Exchange ("CSE") under the symbol "HITI", the Frankfurt Stock Exchange ("FSE") under the securities identification code 'WKN: A2PBPS' and the ticker symbol "2LY", and on the OTCQB Market ("OTCQB") under the symbol "HITIF". The address of the Company's corporate and registered office is # 120 – 4954 Richard Road SW, Calgary, Alberta T3E 6L1, 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, 2018, audited consolidated financial statements, news releases and the Company's long form prospectus can be accessed at www.sedar.com and at www.hightideinc.com.

1.2 Metrics

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

System-Wide Sales is defined as the sum of the external merchandise sales made by High Tide's divisions and includes sales by both corporate, franchise and partnered retail locations. Sales are inclusive of returns, allowances and discounts; sales exclude other revenue sources including rent revenue, royalties, interest and freight. Management believes this measure is useful in evaluating growth, the strength of our brands, performance across High Tide's businesses and in evaluating the financial and operational performance of the Company.

1.3 Forward-Looking Information and Statements

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

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

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

These statements speak only as of the date of this MD&A or as of the date specified in the documents incorporated by reference into this MD&A, as the case may be. The actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and elsewhere in this MD&A; counterparty credit risk; access to capital; limitations on insurance; changes in environmental or legislation applicable to our operations, and our ability to comply with current and future environmental and other laws; changes in income tax laws or changes in tax laws and incentive programs relating to the cannabis industry; and the other factors discussed under Section 10: "Financial Instruments and Risk Management" in this MD&A.

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

2.0 Accounting Framework

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

These Financial Statements are presented in Canadian dollars ("$"), which is the Company's and its Canadian subsidiaries functional currency. The functional currency of its European subsidiaries is Euro ("€") and the functional currency of its USA subsidiaries is USD.

3.0 Corporate Overview

3.1 Nature of Operations

The Company's retail operations are focused on business-to-consumer markets. The operations of Smoker's Corner relate solely to the retail sale of smoking accessories, while the operations of Canna Cabana and KushBar are focused both on the retail sale of recreational cannabis products for adult use as well as smoking accessories. Grasscity has been operating as a major e-commerce retailer of smoking accessories for over 20 years and has significant brand equity in the United States and around the world. Its acquisition by High Tide in late 2018 has been complementary as the Company is utilizing its manufacturing and distribution channels to enhance gross margins within the Grasscity business, while Grasscity brings a recognizable name and an established online sales channel for High Tide to sell its proprietary products.

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

3.2 Competitive Landscape

As of the date of this MD&A, the Company operates 20 corporately-owned retail Canna Cabana locations and one KushBar location. Further, Canna Cabana is currently represented by three branded locations selling cannabis products in Toronto, Hamilton, and Sudbury as well as one franchise in Calgary. In total, the Company currently has a total of 25 branded retail cannabis stores operating across Canada.

Canna Cabana and KushBar were established to sell recreational cannabis products following the deregulation of cannabis for adult use across Canada on October 17, 2018. Canna Cabana and Kushbar operate amongst a variety of large and small competitors, both consolidated and independent. Notable competitors include 420 Premium Market, Choom, Fire & Flower, NewLeaf Cannabis, Nova Cannabis, Prairie Records, Spiritleaf and YSS, as well as numerous independent retailers.

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

The Company operates 6 corporately-owned retail locations under the Smoker's Corner banner across Alberta. As of the date of this MD&A, the Company is currently represented by 7 franchised Smoker's Corner locations operating across Alberta, British Columbia and Nova Scotia.

Smoker's Corner mainly competes with independent retailers of smoking accessories without significant market concentration. Smoker's Corner has created a strong brand over 10 years of operations through its network of stores and emphasis on customer service, as well as the depth and breadth of its product offering that is largely supplied by RGR.

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

In the future, the Company expects its Retail Segment to experience increased competition from the recreational cannabis industry as greater number of third-party stores are established across Canada offering cannabis products and smoking accessories. The Company believes that its product knowledge, operational expertise and margin maximization achieved through its vertically-integrated smoking accessories business will enable it to operate profitably over the long term. In addition, the Company expects opportunities to arise from the legalization of recreational cannabis for its Wholesale Segment to acquire new clients by supplying third-party retailers with smoking accessories on a wholesale basis, thereby offsetting some of the risks associated with increased competition affecting the Retail Segment.

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

4.0 Operating Performance *(Unaudited)*

$ Millions (except where noted)	Nine months ended July 31 2019	2018
	$	$
System Wide Sales	**29.4**	8.9
Merchandise sales (excluding franchisee revenues)	**19.9**	6.7
Gross Margin	**7.2**	3.6
Gross Margin Percentage	**36%**	55%
Total Expenses	**(21.8)**	(4.3)
Loss Before Taxes	**(14.6)**	(0.7)
Net Loss for the Period	**(10.9)**	(0.7)
Loss Per Share (Basic)	**(0.06)**	(0.01)
Loss Per Share (Diluted)	**(0.06)**	(0.01)

During the nine months period ended July 31, 2019, the Company raised additional capital of $22.4 million through the sale of convertible debentures, which allowed it to close the acquisition of Grasscity, the acquisition of Dreamweavers Cannabis Products Ltd. ("Dreamweavers") and to continue establishing Canna Cabana's retail network. The operations of Canna Cabana, the acquisition of Grasscity and the acquisition of Dreamweavers supported the achievement of significant sales and revenue growth in the period.

The Company reported a net loss of $10.9 million during the nine-month period, which was primarily attributable to expenses incurred to expand its business inclusive of personnel costs, rent and operating costs associated with its expanded retail network, as well as transaction and compliance costs incurred to operate publicly raise capital and complete business acquisitions.

4.1 Consolidated Results of Operations in Detail

Revenue

During the nine month period ended July 31, 2019, High Tide achieved a System-Wide Sales increase of $20.5 million. The increase in sales was driven primarily by the operations of Canna Cabana, which began selling recreational cannabis products and smoking accessories on October 27, 2018, the acquisition of Grasscity, the acquisition of Dreamweavers and by new customers acquired in the Company's Wholesale Segment.

Sales growth (excluding franchisee revenues) led to increases in revenues of $13.2 million between all segments.

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

Gross Margin

For the nine months ended July 31, 2019, gross margin increased by $3.6 million as compared to the same period during the prior year, which was driven by the increase in sales volume. The gross margin rate declined from 54.9% to 35.7% largely attributable to changes in the overall product mix and sales strategy, with cannabis products driving growth at lower margins than accessories and with discounting applied to smoking accessories to support a differentiated cannabis retail experience as well as to drive traffic to Smoker's Corner and Canna Cabana locations.

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

Expenses

Total operating expenses increased by $16.1 million for the nine-month period ending July 31, 2019, compared to the same period during the prior year. The increase was a result of the Company's aggressive growth efforts to take advantage of significant market opportunities created due to the deregulation of recreational cannabis for adult use across Canada, which officially occurred on October 17, 2018 with the introduction of Bill C-45. This increased effort resulted in the Company being represented by 25 branded stores across Canada as at the date of this MD&A.

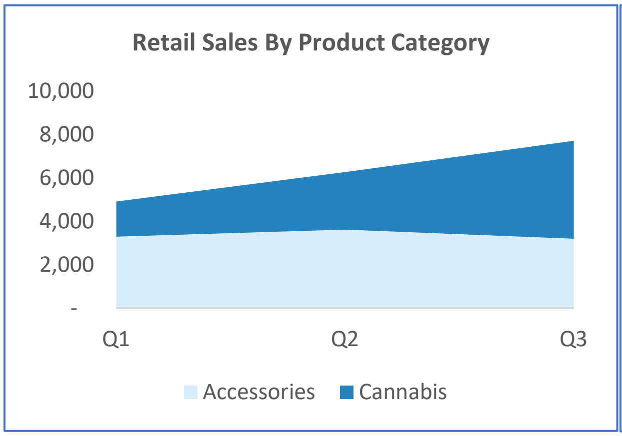
The increase in costs was largely attributed to salaries, wages and benefits expenses, which increased by $5.2 million compared to the prior year with an additional $2.0 million being incurred for share-based compensation. The increase in staffing was due to the need for additional personnel, within both the Retail and the Corporate Segments. The increase in staffing was required to facilitate growth and to ensure the Company could take full advantage of various market opportunities. General and administrative expenses increased by $3.9 million compared to the same period in 2018 as a result of this expansion. Additionally, there was an increase in professional fees of $2.6 million during the period ended July 31, 2019, compared to the same period in the prior year attributed to costs incurred for compliance reporting, the implementation of an enterprise resource planning software system to support the expanded operations as well as professional fees associated with raising capital and acquiring businesses.

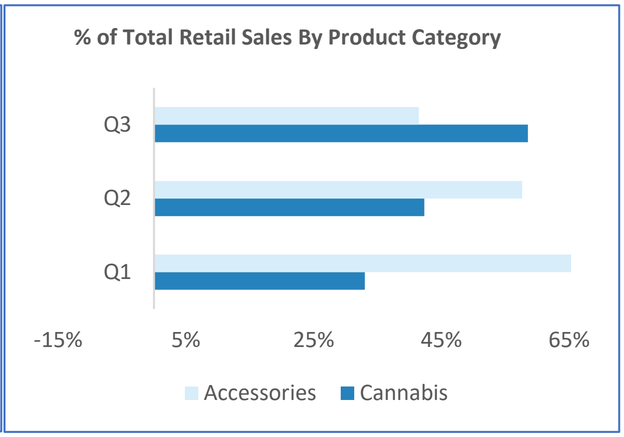
5.0 Segment Operations

For the three months ended July 31,	**Wholesale 2019 ($)**	Wholesale 2018 ($)	**Retail 2019 ($)**	Retail 2018 ($)	**Corporate 2019 ($)**	Corporate 2018 ($)	**Total 2019 ($)**	Total 2018 ($)
Net Revenue	**1,421**	1,094	**6,643**	1,080	**226**	-	**8,290**	2,174
Cost of sales	**(927)**	(528)	**(4,297)**	(469)	**(4)**	-	**(5,228)**	(997)
Gross margin	**494**	566	**2,346**	611	**222**	-	**3,062**	1,177
Operating Expenses	**(1,035)**	(913)	**(3,958)**	(558)	**(2,106)**	(413)	**(7,099)**	(1,884)
Other Income (Expenses)	**216**	32	**410**	(23)	**(313)**	83	**313**	92
Net Income (loss)	**(325)**	(315)	**(1,202)**	30	**(2,197)**	(330)	**(3,724)**	(615)

For the nine months ended July 31,	**Wholesale 2019 ($)**	Wholesale 2018 ($)	**Retail 2019 ($)**	Retail 2018 ($)	**Corporate 2019 ($)**	Corporate 2018 ($)	**Total 2019 ($)**	Total 2018 ($)
Net Revenue	**5,314**	3,771	**14,317**	2,880	**254**	-	**19,885**	6,651
Cost of sales	**(3,345)**	(2,252)	**(9,333)**	(750)	**(5)**	-	**(12,683)**	(3,002)
Gross margin	**1,969**	1,519	**4,984**	2,130	**249**	-	**7,202**	3,649
Operating Expenses	**(2,924)**	(2,093)	**(9,403)**	(1,782)	**(8,123)**	(468)	**(20,450)**	(4,343)
Other Income (Expenses)	**242**	101	**1,020**	(92)	**1,122**	(2)	**2,384**	7
Net Income (loss)	**(713)**	(473)	**(3,399)**	256	**(6,752)**	(470)	**(10,864)**	(687)

5.1 Retail Segment Performance





The Company's Retail Segment demonstrated significant sales and revenue growth year-over-year with revenue $11.4 million higher than the same period last year. Revenue growth is primarily attributable to Canna Cabana, which became operational and began selling recreational cannabis products for adult use in the period, along with the Grasscity acquisition that was closed in December of 2018. During the period, Canna Cabana experienced strong product demand and consistent retail margins being reported across in the industry.

Grasscity was acquired by High Tide on December 19, 2018 and contributed sales of $3.3 million in the period. Grasscity is an online retailer of smoking accessories and cannabis lifestyle products, primarily to customers in the USA and Europe. Grasscity attracts approximately 5.8 million users to its online website each year and has had over 34 million unique users join its online forums since its inception. High Tide is investing in Grasscity to renew its online sales platform, increase its searchability and align its supply chain with RGR and Famous Brandz. Grasscity is a strong strategic fit with High Tide with its advantages in branding and online presence, while enabling the Company to leverage its vertical integration to improve order fulfillment, customer reach, product margins and the overall profitability of the business.

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

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

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

Sales and brand royalties continue to perform relative to the number of active franchise locations, however, royalty revenue overall declined slightly to $0.4 million during the nine-month period, from $0.64 million in the same period in the prior year. Terms on financing revenues and fixed royalties have fully matured for eight of the initial ten franchisees, which has resulted in those revenues no longer being collected.

Gross margin dollars for the nine-month period ended July 31, 2019 increased by $2.7 million while the gross margin rate declined to 34% as compared to the same period in the prior year. The decline in gross margin rate is due, in combination, to the product mix at Canna Cabana that earns a lower blended margin than purely from the sale of higher-margin smoking accessories, as well as due to a decline in financing and fixed royalty revenues. High Tide will continue to optimize its operations to improve margins as cannabis sales become an increasingly large portion of the product mix.

Expenses increased significantly in the period due to the operations of Canna Cabana and Grasscity. For the nine months ended July 31, 2019, the Retail Segment incurred a loss of $3.4 million.

5.2 Wholesale Segment Performance

Revenues in the Company's Wholesale Segment increased by $1.5 million to $5.3 million in the nine-month period ended July 31, 2019, from $3.8 million for the same period in 2018. The increase in revenue was driven by the attraction of new customers created by the deregulation of recreational cannabis for adult use and the resulting retail cannabis industry. High Tide's Wholesale Segment has positioned itself as a key supplier to a number of retail cannabis competitors that have entered the marketplace since October 17, 2018.

Gross margins dollars increased by $0.5 million, while the gross margin rate decreased from 40% to 37% owing primarily to the timing of prior year royalty recognition.

Expenses in the Wholesale Segment increased due to additional investments made to hire product developers, marketing professionals and digital marketing specialists. The additional staff were hired to expand product mix and further develop various proprietary brands.

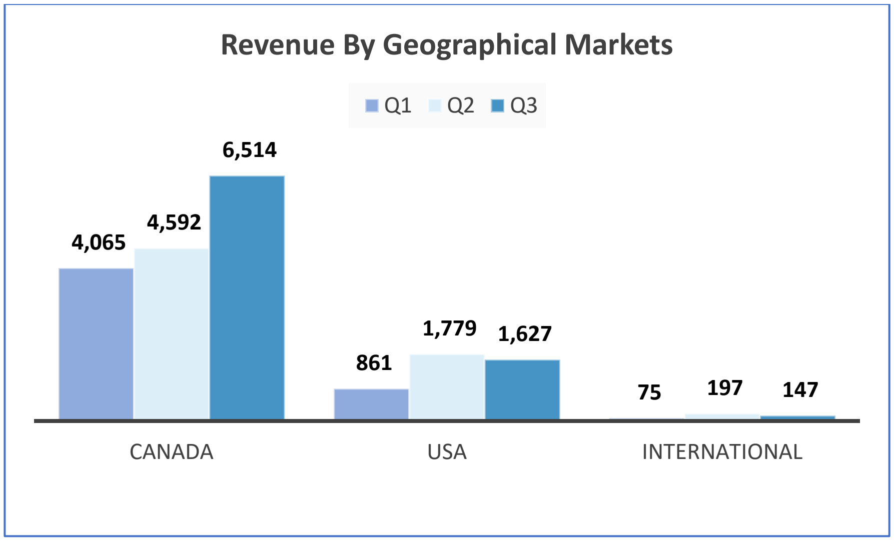
The Wholesale Segment incurred a net loss of $0.7 million compared to loss of $0.5 million in the prior year due to the increase in staff and timing on prior year royalty recognition.

5.3 Corporate Segment Performance

The Corporate Segment earned revenues of $0.2 million in the nine months ended July 31, 2019, compared to no revenue being earned in the same period in the prior year. Revenue of $0.2 million was made up of royalty fees and interest revenues. This 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.

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

5.4 Geographical Segments



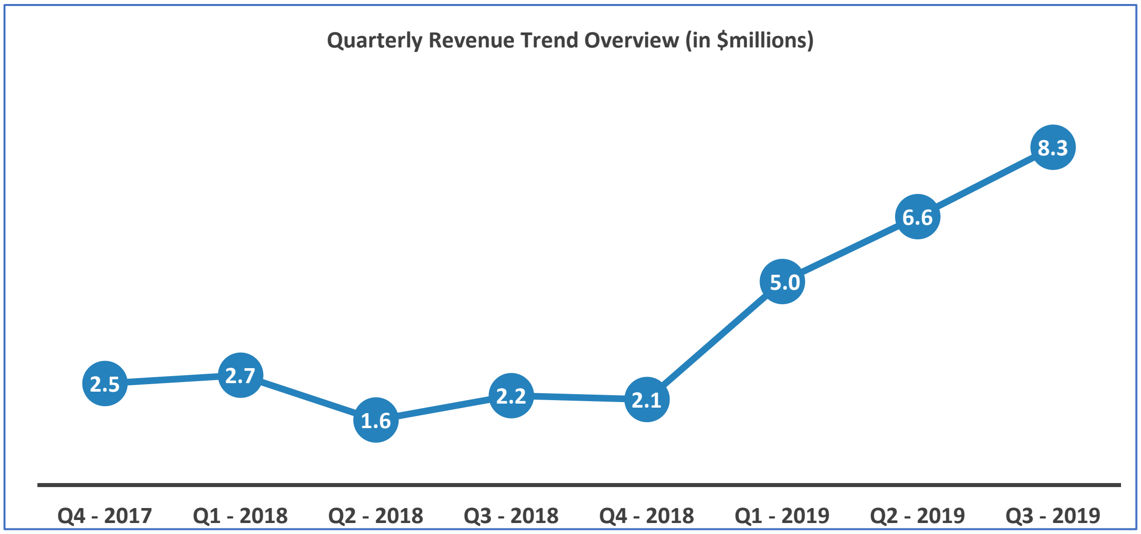
The following presents information related to the Company's geographical Segments:

For the three months ended July 31, 2019	Retail	Wholesale	Corporate	Total
	$	$	$	$
Primary geographical markets				
Canada	5,388	900	226	6,514
USA	1,107	520	-	1,627
International	147	-	-	147
Total revenue	**6,642**	**1,420**	**226**	**8,288**

For the nine months ended July 31, 2019	Retail	Wholesale	Corporate	Total
	$	$	$	$
Primary geographical markets				
Canada	11,179	3,766	254	15,199
USA	2,812	1,455	-	4,267
International	327	92	-	419
Total revenue	**14,318**	**5,313**	**254**	**19,885**

Sales performance increased significantly in all segments, with Canna Cabana lifting Canadian sales and Grasscity contributing to US sales and International sales. Grasscity's operations are located in Amsterdam, Netherlands, leading to the addition of an International geographical segment. Revenues in this segment are comprised of sales made to all countries outside of North America.

5.5 Summary of Quarterly Results



(C$ in millions, except per share amounts)	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	**Q3 2019**
Net Revenue	2.5	2.7	1.6	2.2	2.1	5.0	6.6	**8.3**
Income (Loss) Before OCI	0.3	0.3	(0.4)	(0.6)	(3.8)	(3.8)	(3.3)	**(3.8)**
Basic EPS	-	0.01	-	-	(0.05)	(0.02)	(0.02)	**(0.02)**
Diluted EPS	-	0.01	-	-	(0.05)	(0.02)	(0.02)	**(0.02)**

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. In the first, second, and third quarters of 2019, revenues increased as the Company began operating Canna Cabana stores and selling recreational cannabis products, as well as from integrating its acquisition of Grasscity. These two businesses have no prior comparisons in quarterly performance. In the second quarter of 2018, expenses increased as the Company began to expand its Canna Cabana business as well as initiating the listing process of High Tide on the Canadian Securities Exchange, a process which continued through the third and fourth quarters of fiscal 2018.

6.0 Financial Position

As at July 31, 2019, the Company had a working capital surplus of $13,839, compared to $14,920 on October 31, 2018. The change is mainly due to the growth in the Company's operations as it opened Canna Cabana stores and acquired Grasscity.

For the nine months ended July 31, 2019, the Company generated a net loss of $10,864 compared to $687 in the same period of 2018, and had net operating cash outflows of $12,584 compared to $1,824 in the same period of the prior year. The net loss and operating cash outflows are primarily driven by costs incurred to incorporate and finance the new High Tide and Canna Cabana entities which were not operational during this period in the prior year, as well as to close the acquisitions of Grasscity and Dreamweavers. This resulted in the hiring of new staff for both administration as well as retail operations, along with professional fees and increased rent.

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

6.1 Intangible Assets

	Software	Lease buy-out	Brand Name	Total
Cost	$	$	$	**$**
Balance, October 31, 2017	-	-	-	-
Additions	159	777	-	936
Balance, October 31, 2018	159	777	-	936
Additions (i)	1,568	3,589	1,803	6,959
Balance, July 31, 2019	**1,727**	**4,366**	**1,803**	**7,896**
Accumulated depreciation				
Balance, October 31, 2017	-	-	-	-
Charge for the period	2	-	-	2
Balance, October 31, 2018	2	-	-	2
Charge for the period	54	71	183	308
Balance, July 31, 2019	**56**	**71**	**183**	**310**
Net book value				
Balance at October 31, 2017	-	-	-	-
Balance at October 31, 2018	157	777	-	934
Balance at July 31, 2019	**1,671**	**4,295**	**1,620**	**7,587**

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

6.2 Property and Equipment

	Office equipment and computers	Leasehold improvements	Vehicles	Buildings	Total
	$	$	$	$	$
Cost					
Balance, October 31, 2017	49	321	163	-	533
Additions	144	3,288	4	145	3,581
Balance, October 31, 2018	193	3,609	167	145	4,114
Additions (i), (ii)	197	5,654	1	2,654	8,507
Balance, July 31, 2019	**390**	**9,263**	**168**	**2,799**	**12,621**
Accumulated depreciation					
Balance, October 31, 2017	25	311	96	-	432
Charge for the year	24	14	46	-	84
Balance, October 31, 2018	49	325	142	-	516
Charge for the period	68	699	9	-	776
Balance, July 31, 2019	**117**	**1,024**	**151**	**-**	**1,292**
Net book value					
Balance, October 31, 2018	144	3,284	25	145	3,598
Balance, July 31, 2019	**273**	**8,240**	**17**	**2,799**	**11,330**

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

(ii) The Company purchased a retail location of strategic importance in Niagara Falls, Ontario, for the purpose of opening a Canna Cabana retail location in the future. The consideration for the building consisted of $700 in cash, $1,600 as a vendor take back loan (notes payable), and $300 paid in shares.

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

6.3 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	207,406,634
Warrants	43,180,190
Stock options	10,260,000
Convertible debentures	30,520,001

(1) Refer to Note 7 "Convertible Debentures", Note 8 "Share Capital", Note 9 "Stock Option Plan", and Note 11 "Warrants" in the Company's Condensed Interim Consolidated Financial Statements for a detailed description of these securities.

7.0 Commitments

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

As at	**July 31, 2019**	October 31, 2018
	$	$
Less than one year	**2,532**	2,336
Between one and five years	**13,191**	10,103
Greater than five years	**3,795**	2,532
	19,518	14,971

As at July 31, 2019 Canna Cabana has entered into contracts totalling $13,165. This includes leases for a total of 51 locations, including a wholesale warehouse in Regina for future use by Kush West Distribution, as well as construction and security contracts to complete the construction of retail locations across Canada.

8.0 Transactions Between Related Parties

8.1 Financing Transactions

As at July 31, 2019, the Company owed the non-controlling interest shareholder of KushBar $426. The loan carries no interest and is due on demand.

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

8.2 Operational Transactions

During the nine-month period ended July 31, 2019, High Tide paid $807 for inventory purchases, compared to $295 during the same period in 2018, to 1990299 Alberta Ltd. ("199"), a company controlled by the President and CEO of the Company. 199 primarily facilitated the import of goods and subsequently transferred these goods to the Company at cost, which was at fair value. During the nine-month period, High Tide incorporated HT Global Imports and has transitioned the facilitation of its imports away from 199 to HT Global Imports.

An office and warehouse has been developed by Grover Properties Inc., which is a company that is related through a common controlling shareholder and the President and CEO of the Company. The office and warehouse were leased to High Tide to accommodate the Company's expansion. The lease cost was established by an independent real estate valuator at prevailing market rates and has an annual basic rent of $386. The primary lease term is five years with two additional five-year term extensions at the option of the Company. To facilitate the mortgage for the development of this unit, a loan guarantee of up to $1.5 million was provided by Smoker's Corner.

9.0 Changes in Accounting Policies Including Initial Adoption

9.1 Changes in Accounting Standards Not Yet Adopted

(i) IFRS 16 Leases

In January 2016, the IASB issued IFRS 16 Leases, which will replace IAS 17 Leases. This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term greater than twelve months, unless the underlying asset's value is insignificant. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. Lessors will continue to classify leases as operating or finance, with lessor accounting remaining substantially unchanged from the preceding guidance under IAS 17, Leases.

Management is currently executing its implementation plan and has completed the initial scoping phase to identify material lease contracts. However, the analysis of such contracts to quantify the transitional impact is still in progress. The most significant impact of IFRS 16 will be our initial recognition of the present value of unavoidable future lease payments as right-of-use assets under property, plant and equipment and the concurrent recognition of a lease liability on the consolidated statement of financial position. Majority of our property leases, which are currently treated as operating leases, are expected to be impacted by the new standard which will result in lower rent expense, higher depreciation expense and higher finance costs related to accretion and interest expense of the lease liability. IFRS 16 will also impact the presentation of the consolidated statement of cash flows by decreasing operating cash flows and increasing financing cash flows.

The standard will be effective for the Company for the fiscal year commencing November 1, 2019. The Company will be adopting the standard retrospectively by recognizing the cumulative impact of initial adoption in opening retained earnings (i.e. the difference between the right-of-use asset and the lease liability). The Company will measure the right-of-use asset at an amount equal to the lease liability on November 1, 2019, apply a single discount rate to leases with similar remaining lease terms for similar classes of underlying assets and will not separate non-lease components from lease components for certain classes of underlying assets.

(ii) Definition of a Business

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

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

10.0 Financial Instruments and Risk Management

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

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

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

Credit risk

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

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

As at	**July 31, 2019**	October 31, 2018
	$	$
Current (for less than 30 days)	**1,040**	343
31 – 60 days	**144**	233
61 – 90 days	**269**	73
Greater than 90 days	**1,302**	334
Allowance for doubtful accounts	**(168)**	(128)
	2,587	855

During the period ended July 31, 2019, $171 in trade receivables were written off due to bad debts, as compared to $396 for the year ended October 31, 2018. Individual receivables known to be uncollectible are written off by reducing the carrying amount directly. The remaining accounts receivable are assessed collectively to determine whether there is objective evidence that an impairment has been incurred but not yet been identified.

The Company performs a regular assessment of collectability of accounts receivables. The Company monitors the financial performance and/or cash flows of its franchisees through observation of their point of sale system, receipt of cash from customers and maintains regular contact/discussions. The Company continues to receive payments from franchisees and has assessed their amounts to be collectible, however a significant portion of the accounts will take more than one year to collect. Accordingly, management has classified them as long term. In fiscal 2018, the Company reviewed the expected payment schedule and discounted it using an average franchisee credit adjusted rate of 11% resulting in the receivables being discounted by $474.

For the period ended July 31, 2019, management reviewed the estimates with no significant changes. Accordingly, a recovery of $87 was recognized for the nine months ended July 31, 2019, representing time value accretion on the discount, which has been recorded in the statement of loss and comprehensive loss. The Company continues to receive payments from the franchisees. Further, the Company holds security over its franchisees by way of holding the head lease to their operations and having the right to assume control of a franchisee's location and any operations governed by the applicable Franchise Agreement.

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

11.0 Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company generally relies on funds generated from operations and equity financings to provide sufficient liquidity to meet budgeted operating requirements and to supply capital to expand its operations. The Company 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, 2018				
Accounts payable and accrued liabilities	2,515	2,515	-	-
Shareholder loans	36	36	-	-
Finance lease obligation	23	6	17	-
Total	2,574	2,557	17	-
July 31, 2019				
Accounts payable and accrued liabilities	2,091	2,091	-	-
Shareholder loans	419	419	-	-
Finance lease obligation	19	6	13	-
Total	**2,529**	**2,516**	**13**	**-**

11.1 Foreign Currency Risk

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

The Canadian dollar equivalent carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities as at the dates presented were as follows:

(Canadian dollar equivalent amounts of US dollar and Euro balances)	July 31, 2019 (Euro)	July 31, 2019 (USD)	**July 31, 2019 Total**	October 31, 2018
	$	$	$	$
Cash	174	65	239	90
Accounts receivable (including long term portion)	58	161	219	522
Accounts payable and accrued liabilities	(562)	(445)	(1,007)	(218)
Net monetary assets	(330)	(219)	**(549)**	394

Assuming all other variables remain constant, a fluctuation of +/- 5 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 +/- $11, as compared to $20 on October 31, 2018. Maintaining constant variables, a fluctuation of +/- 5 percent in the exchange rate between the Euro and the Canadian dollar would impact the carrying value of the net monetary assets by approximately +/- $17, as compared to $Nil on October 31, 2018. To date, the Company has not entered into financial derivative contracts to manage exposure to fluctuations in foreign exchange rates. The Company had no balances denominated in Euros as at October 31, 2018.

12.0 Subsequent Events

(i) On September 1, 2019, the Company acquired assets of Smoker's Corner franchise located on Jasper Avenue, Edmonton, Alberta. The total consideration paid to acquire the franchise was $475, of which $270 payable in cash and the remainder was paid through the issuance of 559,742 common shares of the Issuer, with each common share having a deemed value of approximately $0.367 per common share.

(ii) On September 4, 2019, the Company obtained a $2,000 term loan bearing an interest rate of 12% per annum. The purpose of the loan is to finance ongoing working capital and the Company's growing operations. The loan is due on September 4, 2020. The Company issued 1,600,000 warrants to the lender, exercisable at a price of $0.85 per share, for a period of two years.

13.0 Internal Control over Financial Reporting

The Chief Executive Officer and Chief Financial Officer, as the case may be, of the Company are responsible for designing internal controls over financial reporting or causing them to be designed under their supervision in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

Due to its inherent limitations, internal control over financial reporting may not prevent or detect misstatements on timely basis. Also, projections of any evaluation of the effectiveness of internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. No changes were made in the Company's internal control over financial reporting during the period covered by this MD&A that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.