



HIGHTIDE

# Condensed Interim Consolidated Financial Statements

**For the three and six months ended April 30, 2024 and 2023**  
(Stated in thousands of Canadian dollars, except share and per share amounts)  
(Unaudited)





**High Tide Inc.**

**Condensed Interim Consolidated Financial Statements**

For the three and six months ended April 30, 2024 and 2023

## **Condensed Interim Consolidated Financial Statements for the three and six months ended April 30, 2024 and 2023.**

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 Company.

**Approved on behalf of the Board:**

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

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



## High Tide Inc.

### Condensed Interim Consolidated Statements of Financial Position

As at April 30, 2024 and October 31, 2023

(Unaudited — In thousands of Canadian dollars)

	Notes	2024	2023
		\$	\$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		34,540	30,121
Marketable securities		725	141
Trade and other receivables	11	4,104	7,573
Inventory	10	28,115	25,974
Prepaid expenses and deposits	9	4,895	4,836
Total current assets		72,379	68,645
<b>Non-current assets</b>			
Property and equipment	7	27,208	27,142
Net investment - lease		-	179
Right-of-use assets	25	34,521	30,643
Long term prepaid expenses and deposits	9	2,206	3,307
Intangible assets and goodwill	8	98,148	103,485
Total non-current assets		162,083	164,756
<b>Total assets</b>		<b>234,462</b>	<b>233,401</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accounts payables and accrued liabilities	13	21,193	20,902
Deferred revenue		2,024	1,361
Interest bearing loans and borrowings	15	14,565	16,141
Current portion of notes payable	14	14,223	136
Convertible debentures	16	890	8,708
Current portion of lease liabilities	25	7,797	7,214
Put option liability	12	1,130	3,675
Total current liabilities		61,822	58,137
<b>Non-current liabilities</b>			
Notes payable	14	361	12,508
Lease liabilities	25	29,791	27,823
Deferred tax liability		279	1,267
Total non-current liabilities		30,431	41,598
<b>Total liabilities</b>		<b>92,253</b>	<b>99,735</b>
<b>Shareholders' equity</b>			
Share capital	18	296,301	288,027
Warrants	20	7,121	12,740
Contributed surplus		36,564	30,749
Convertible debentures - equity		192	717
Accumulated other comprehensive income		5,689	5,257
Accumulated deficit		(206,103)	(205,934)
<b>Equity attributable to owners of the Company</b>		<b>139,764</b>	<b>131,556</b>
Non-controlling interest	28	2,445	2,110
<b>Total shareholders' equity</b>		<b>142,209</b>	<b>133,666</b>
<b>Total liabilities and shareholders' equity</b>		<b>234,462</b>	<b>233,401</b>



HIGHTIDE

**High Tide Inc.****Condensed Interim Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)**

For the three and six months ended April 30, 2024 and 2023

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

	Notes	Three months ended		Six months ended	
		2024	2023	2024	2023
		\$	\$	\$	\$
<b>Revenue</b>	6, 23	<b>124,259</b>	118,136	<b>252,327</b>	236,212
<b>Cost of sales</b>		<b>(88,960)</b>	(86,567)	<b>(181,034)</b>	(172,461)
<b>Gross profit</b>		<b>35,299</b>	31,569	<b>71,293</b>	63,751
<b>Expenses</b>					
Salaries, wages and benefits		<b>(15,429)</b>	(13,940)	<b>(31,332)</b>	(28,242)
Share-based compensation	19	<b>(549)</b>	(1,532)	<b>(1,344)</b>	(2,968)
General and administration		<b>(5,559)</b>	(6,191)	<b>(11,165)</b>	(13,688)
Professional fees		<b>(1,995)</b>	(2,684)	<b>(4,066)</b>	(5,112)
Advertising and promotion		<b>(1,154)</b>	(1,048)	<b>(1,976)</b>	(2,537)
Depreciation and amortization	7, 8, 25	<b>(7,505)</b>	(7,699)	<b>(14,353)</b>	(15,685)
Interest and bank charges		<b>(1,121)</b>	(1,117)	<b>(2,278)</b>	(2,082)
<b>Total expenses</b>		<b>(33,312)</b>	(34,211)	<b>(66,514)</b>	(70,314)
<b>Income (loss) from operations</b>		<b>1,987</b>	(2,642)	<b>4,779</b>	(6,563)
<b>Other income (expenses)</b>					
Gain (loss) on extinguishment financial liability		<b>314</b>	(78)	<b>79</b>	(60)
(Loss) gain on revaluation of marketable securities		-	19	<b>(77)</b>	27
Finance and other costs	17	<b>(3,026)</b>	(2,194)	<b>(5,284)</b>	(4,672)
Gain on revaluation of put option liability	12	<b>110</b>	1,288	<b>410</b>	2,549
(Loss) gain on debentures		<b>240</b>	-	<b>(515)</b>	-
Gain (loss) on foreign exchange		<b>5</b>	(2)	-	13
Other gains		<b>(337)</b>	-	<b>(337)</b>	-
<b>Total other expenses</b>		<b>(2,694)</b>	(967)	<b>(5,724)</b>	(2,143)
<b>Loss before taxes</b>		<b>(707)</b>	(3,609)	<b>(945)</b>	(8,706)
Income tax (expense) recovery		<b>236</b>	1,737	<b>(5)</b>	1,395
Deferred income tax recovery		<b>642</b>	304	<b>1,116</b>	1,882
<b>Net income (loss)</b>		<b>171</b>	(1,568)	<b>166</b>	(5,429)
<b>Other comprehensive income (loss)</b>					
Translation difference on foreign subsidiary		<b>1,169</b>	533	<b>432</b>	(2,173)
<b>Total comprehensive income (loss)</b>		<b>1,340</b>	(1,035)	<b>598</b>	(7,602)
<b>Net income (loss) attributed to:</b>					
Owners of the company		<b>(25)</b>	(1,544)	<b>(365)</b>	(5,323)
Non-controlling interest	28	<b>196</b>	(24)	<b>531</b>	(106)
		<b>171</b>	(1,568)	<b>166</b>	(5,429)
<b>Comprehensive income (loss) attributed to:</b>					
Owners of the company		<b>592</b>	(811)	<b>(205)</b>	(7,687)
Non-controlling interest		<b>748</b>	(224)	<b>803</b>	85
		<b>1,340</b>	(1,035)	<b>598</b>	(7,602)
<b>Loss per share</b>					
Basic and diluted	21	<b>(0.00)</b>	(0.02)	<b>(0.00)</b>	(0.07)



## High Tide Inc.

### Condensed Interim Consolidated Statements of Changes in Equity

For the three and six months ended April 30, 2024 and 2023

(Unaudited — In thousands of Canadian dollars)

	Note	Share capital	Warrants	Contributed surplus	Equity portion of convertible debt	Accumulated other comprehensive income (loss)	Accumulated deficit	Attributable to owners of the Company	NCI	Total
		\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Opening balance, November 1, 2022</b>		279,513	15,497	23,051	717	5,665	(168,093)	156,350	5,683	162,033
Acquisition - Jimmy's Cannabis		4,932	-	-	-	-	-	4,932	-	4,932
Acquisition of non-controlling interest - FABCBD		729	-	-	-	-	1,469	2,198	(1,469)	729
Issuance of shares through ATM		2,442	-	-	-	-	-	2,442	-	2,442
Issued to pay fees in shares		278	-	-	-	-	-	278	-	278
Share-based compensation		-	-	5,034	-	-	-	5,034	-	5,034
Share issuance costs		(28)	-	-	-	-	-	(28)	-	(28)
Exercise options		161	-	(93)	-	-	-	68	-	68
Warrants expired		-	(2,757)	2,757	-	-	-	-	-	-
Partner distributions		-	-	-	-	-	-	-	(462)	(462)
Cumulative translation adjustment		-	-	-	-	2,027	-	2,027	-	2,027
Adjustment for foreign exchange on impairment		-	-	-	-	(2,435)	-	(2,435)	-	(2,435)
Net loss for the period		-	-	-	-	-	(39,310)	(39,310)	(1,642)	(40,952)
<b>Balance, October 31, 2023</b>		288,027	12,740	30,749	717	5,257	(205,934)	131,556	2,110	133,666
<b>Opening balance, November 1, 2023</b>										
Issued to pay fees in shares	18	1,331	-	-	-	-	-	1,331	-	1,331
Purchase of Queen of bud - paid in shares	18	900	-	-	-	-	-	900	-	900
Acquisition of non-controlling interest - NuLeaf	18	-	-	-	-	-	196	196	(196)	-
Issuance of share for settlement of convertible debentures	18	5,025	-	-	-	-	-	5,025	-	5,025
Issuance of shares through ATM	18	3	-	-	-	-	-	3	-	3
Revaluation of Convertible Debt	16	-	-	-	(525)	-	-	(525)	-	(525)
Clear gain/loss of settlement	18	-	-	-	-	-	-	-	-	-
Share-based compensation	18	-	-	1,344	-	-	-	1,344	-	1,344
Share issuance costs	18	(27)	-	-	-	-	-	(27)	-	(27)
RSUs vested	18	929	-	(929)	-	-	-	-	-	-
Warrants exercised	20	79	(28)	28	-	-	-	79	-	79
Warrants expired	20	-	(5,591)	5,591	-	-	-	-	-	-
Options exercised		34	-	-	-	-	-	34	-	34
Settlement of escrow shares		-	-	(219)	-	-	-	(219)	-	(219)
Cumulative translation adjustment		-	-	-	-	432	-	432	-	432
Net loss for the period		-	-	-	-	-	(365)	(365)	531	166
<b>Balance, April 30, 2024</b>		296,301	7,121	36,564	192	5,689	(206,103)	139,764	2,445	142,209



## High Tide Inc.

### Condensed Interim Consolidated Statements of Cash Flows

For the six months ended April 30, 2024 and 2023

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

	Notes	2024	2023
		\$	\$
<b>Operating activities</b>			
Net income (loss)		166	(5,429)
Adjustments for items not effecting cash and cash equivalents			
Income tax (expense) recovery		5	(1,395)
Deferred income tax recovery		(1,116)	(1,882)
Accretion expense	17	2,025	2,227
Lease investment write-off		179	-
Fee for services and interest paid in shares and warrants		-	278
Depreciation and amortization	7, 8, 25	14,353	15,685
Share-based compensation	19	1,344	2,968
(Gain) loss on extinguishment financial liability		(79)	60
Loss (gain) on revaluation of marketable securities		77	(27)
Gain on revaluation of put option liability	12	(410)	(2,549)
Gain (loss) on extinguishment of debenture		515	-
Gain (loss) on foreign exchange		-	(13)
Other gains		336	-
		17,395	9,923
Changes in non-cash working capital			
Trade and other receivables		3,469	(1,517)
Inventory		(2,141)	(4,089)
Prepaid expenses and deposits		1,042	4,314
Accounts payables and accrued liabilities		(321)	(5,875)
Deferred revenue		237	724
<b>Net cash provided by operating activities</b>		<b>19,681</b>	<b>3,480</b>
<b>Investing activities</b>			
Purchase of property and equipment	7	(3,994)	(2,540)
Purchase of intangible assets	8	(283)	(254)
Proceeds from the sale of marketable securities		(54)	-
Business combinations, net of cash acquired		-	270
<b>Net cash used in investing activities</b>		<b>(4,331)</b>	<b>(2,524)</b>
<b>Financing activities</b>			
Repayment of interest bearing loans and borrowings	15	(1,576)	(1,337)
Proceeds from interest bearing loans net of issue costs	15	-	2,673
Repayment of notes payable		(142)	-
Repayment of convertible debentures	16	(2,852)	(1,347)
Lease liability payments	25	(5,652)	(5,406)
Share issuance costs	18	(27)	(28)
Partner distributions		-	(163)
Proceeds from equity financing through ATM	18	3	1,894
Warrants exercised	20	79	-
Options exercised	19	34	161
<b>Net cash used in financing activities</b>		<b>(10,133)</b>	<b>(3,553)</b>
<b>Effect of foreign exchange on cash</b>		<b>(798)</b>	<b>-</b>
<b>Net increase (decrease) in cash</b>		<b>4,419</b>	<b>(2,597)</b>
<b>Cash and cash equivalents, beginning of period</b>		<b>30,121</b>	<b>25,084</b>
<b>Cash and cash equivalents, end of period</b>		<b>34,540</b>	<b>22,487</b>



## High Tide Inc.

### Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended April 30, 2024 and 2023

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

## 1. Nature of operations

High Tide Inc. (the “Company” or “High Tide”) is a retail-focused cannabis company enhanced by the manufacturing and distribution of consumption accessories. The Company’s shares are listed on the Nasdaq Capital Market (“Nasdaq”) under the symbol “HITI” (listed as of June 2, 2021), the TSX Venture Exchange (“TSXV”) under the symbol “HITI”, and on the Frankfurt Stock Exchange (“FSE”) under the securities identification code ‘WKN: A2PBPS’ and the ticker symbol “2LYA”. The address of the Company’s corporate and registered office is # 112 – 11127 15 Street NE, Calgary, Alberta T3K 2M4.

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

## 2. Basis of preparation

### A. Statement of compliance

These condensed interim consolidated 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 annual consolidated financial statements (“annual consolidated financial statements”) of the Company for the year ended October 31, 2023 which are available on SEDAR at [www.sedarplus.ca](http://www.sedarplus.ca) and with the SEC at [www.sec.gov](http://www.sec.gov).

These condensed interim consolidated financial statements were approved and authorized for issue by the Board of Directors on June 13, 2024.

### B. Basis of measurement

These condensed interim consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments which are measured at fair value. The accounting policies set out below have been applied consistently by the Company and its wholly owned subsidiaries for the periods presented.

### C. Currencies and foreign exchange

The Company’s condensed interim consolidated financial statements are presented in Canadian dollars, which is the functional and presentation currency of the Company and its Canadian subsidiaries. The functional currency of the Company’s United States (“U.S.”) subsidiaries is the U.S. dollar (“USD”), of the Company’s European subsidiaries is the Euro (“EUR”), and of the Company’s United Kingdom subsidiaries is the British Pound Sterling (“GBP”). Transactions denominated in currencies other than the functional currency are translated at the rate prevailing at the date of transaction. Monetary assets and liabilities that are denominated in foreign currencies are translated at the rate prevailing at each reporting date. Income and expense amounts are translated at the dates of the transactions.

In preparing the Company’s condensed interim consolidated financial statements, the financial statements of the foreign subsidiaries are translated into Canadian dollars. The assets and liabilities of foreign subsidiaries are translated into Canadian dollars using exchange rates at the reporting date. Revenues and expenses of foreign operations are translated into Canadian dollars using average foreign exchange rates. Translation gains and losses resulting from the consolidation of operations into the Company’s functional currency, are recognized in other comprehensive income in the condensed interim consolidated statement of income (loss) and other comprehensive income (loss) and as a separate component of shareholders’ equity on the consolidated statement of changes in equity.



## High Tide Inc.

### Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended April 30, 2024 and 2023

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

#### D. Basis of consolidation

Subsidiaries are entities controlled by High Tide Inc. Control is achieved when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The results of subsidiaries acquired or disposed of during the year are included in the condensed interim consolidated statements of loss and other comprehensive loss from the effective date of acquisition and up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the annual consolidated financial statements of subsidiaries to bring their accounting policies into line with those used by the Company. Intra-group balances and transactions, and any unrealized gains or losses or income and expenses arising from intra-group transactions are eliminated in preparing the condensed interim consolidated financial statements.

Subsidiaries	Percentage Ownership	Functional Currency
Canna Cabana Inc.	100 %	Canadian Dollar
2680495 Ontario Inc.	100 %	Canadian Dollar
Saturninus Partners GP	50 %	Canadian Dollar
Valiant Distribution Canada Inc.	100 %	Canadian Dollar
META Growth Corp.	100 %	Canadian Dollar
NAC Thompson North Ltd. Partnership	49 %	Canadian Dollar
NAC OCN Ltd. Partnership	49 %	Canadian Dollar
HT Global Imports Inc.	100 %	Canadian Dollar
2049213 Ontario Inc.	100 %	Canadian Dollar
1171882 B.C. Ltd.	100 %	Canadian Dollar
High Tide BV (Grasscity)	100 %	European Euro
Valiant Distribution Inc.	100 %	U.S. Dollar
Smoke Cartel USA, Inc.	100 %	U.S. Dollar
Fab Nutrition, LLC	100 %	U.S. Dollar
Halo Kushbar Retail Inc.	100 %	Canadian Dollar
Nuleaf Naturals LLC	100 %	U.S. Dollar
DHC Supply, LLC	100 %	U.S. Dollar
DS Distribution Inc.	100 %	U.S. Dollar
Enigmaa Ltd.	80 %	British Pound Sterling

### 3. Accounting policies

The significant accounting policies applied in the preparation of the condensed interim consolidated financial statements for the three and six months ended April 30, 2024, and 2023 are consistent with those applied and disclosed in Note 3 of the Company's annual consolidated financial statements for the year ended October 31, 2023.

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

### 4. Significant accounting judgement, estimates and assumptions

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 are consistent as those applied to the annual consolidated financial statements for the year ended October 31, 2023 in Note 4.



## High Tide Inc.

### Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended April 30, 2024 and 2023

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

## 5. Business combinations

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

<b>Total consideration</b>	<b>\$</b>
Common Shares	4,932
Working Capital Adjustment	352
	<b>5,284</b>
<b>Purchase price allocation</b>	
Cash	622
Inventory	308
Prepaid expenses	11
Property, plant and equipment	111
Right of use asset	129
Intangible assets - business license rights	1,487
Goodwill	3,416
Accounts payable and accrued liabilities	(318)
Lease liabilities	(130)
Income tax payables	(110)
Deferred tax liability	(242)
	<b>5,284</b>

On December 29, 2022, the Company closed the acquisition of 100% of the equity interest of 1171882 B.C. Ltd., operating as Jimmy's Cannabis Shop BC ("Jimmy's") which operates two retail cannabis stores in British Columbia. Pursuant to the terms of the Arrangement, the consideration was comprised of 2,595,533 common shares of the Company having an aggregate value of (i) \$4,932 in shares and (ii) working capital adjustment of \$352.

In accordance with IFRS 3, Business Combinations ("IFRS 3"), the substance of this transaction constituted a business combination. The purchase price was allocated based on the Company's estimated fair value of the identifiable net assets acquired on the acquisition date. Management finalized its purchase price allocation for the fair value of identifiable intangible assets, income taxes and the allocation of goodwill. The goodwill is primarily related to the opportunities to grow the business, expanded access to capital and greater financial flexibility. Goodwill is not deductible for tax purposes. For the year ended October 31, 2023, Jimmy accounted for \$4,660 in revenues and \$203 in net loss.



## High Tide Inc.

### Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended April 30, 2024 and 2023

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

## 6. Revenue from contracts with customers

For the three months ended April 30	2024	2023	2024	2023	2024	2023
	Bricks-and-Mortar	Bricks-and-Mortar	E-commerce	E-commerce	Total	Total
	\$	\$	\$	\$	\$	\$
<b>Primary geographical markets <sup>(i)</sup></b>						
Canada	115,130	103,606	-	-	115,130	103,606
USA	-	-	8,716	13,661	8,716	13,661
International	-	-	413	869	413	869
<b>Total revenue</b>	<b>115,130</b>	<b>103,606</b>	<b>9,129</b>	<b>14,530</b>	<b>124,259</b>	<b>118,136</b>
<b>Major products and services</b>						
Cannabis and CBD products	103,852	94,695	4,107	5,477	107,959	100,172
Consumption accessories	2,301	2,273	5,022	9,019	7,323	11,292
Data analytics, advertising and other revenue	8,977	6,638	—	34	8,977	6,672
<b>Total revenue</b>	<b>115,130</b>	<b>103,606</b>	<b>9,129</b>	<b>14,530</b>	<b>124,259</b>	<b>118,136</b>
<b>Timing of revenue recognition</b>						
Transferred at a point in time	115,130	103,606	9,129	14,530	124,259	118,136
<b>Total revenue</b>	<b>115,130</b>	<b>103,606</b>	<b>9,129</b>	<b>14,530</b>	<b>124,259</b>	<b>118,136</b>
<b>For the six months ended April 30</b>						
	2024	2023	2024	2023	2024	2023
	Bricks-and-Mortar	Bricks-and-Mortar	E-commerce	E-commerce	Total	Total
	\$	\$	\$	\$	\$	\$
<b>Primary geographical markets <sup>(i)</sup></b>						
Canada	230,831	203,368	-	-	230,831	203,368
USA	-	-	20,531	30,734	20,531	30,734
International	-	-	965	2,110	965	2,110
<b>Total revenue</b>	<b>230,831</b>	<b>203,368</b>	<b>21,496</b>	<b>32,844</b>	<b>252,327</b>	<b>236,212</b>
<b>Major products and services</b>						
Cannabis and CBD products	207,557	185,550	9,310	12,164	216,867	197,714
Consumption accessories	6,699	4,492	12,002	20,628	18,701	25,120
Data analytics, advertising and other revenue	16,575	13,326	184	52	16,759	13,378
<b>Total revenue</b>	<b>230,831</b>	<b>203,368</b>	<b>21,496</b>	<b>32,844</b>	<b>252,327</b>	<b>236,212</b>
<b>Timing of revenue recognition</b>						
Transferred at a point in time	230,831	203,368	21,496	32,844	252,327	236,212
<b>Total revenue</b>	<b>230,831</b>	<b>203,368</b>	<b>21,496</b>	<b>32,844</b>	<b>252,327</b>	<b>236,212</b>

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

(ii) During the fiscal year 2024, the Company changed segment allocation and reporting, see Note 23.



## High Tide Inc.

### Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended April 30, 2024 and 2023

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

## 7. Property and equipment

	Office equipment and computers	Production equipment	Leasehold improvements	Vehicles	Buildings	Total
<b>Cost</b>	\$	\$	\$	\$	\$	\$
Opening balance, November 1, 2022	4,514	2,915	38,351	37	2,800	48,617
Additions	1,068	-	4,718	-	-	5,786
Additions from business combinations	-	-	111	-	-	111
Transfers	-	-	(775)	-	775	-
Impairment loss	-	-	(126)	-	-	(126)
Foreign currency translation	157	944	54	1	-	1,156
Balance, October 31, 2023	5,739	3,859	42,333	38	3,575	55,544
Additions <sup>(i)</sup>	427	-	3,464	4	99	3,994
Foreign currency translation	(7)	(5)	69	-	-	57
<b>Balance, April 30, 2024</b>	<b>6,159</b>	<b>3,854</b>	<b>45,866</b>	<b>42</b>	<b>3,674</b>	<b>59,595</b>
<b>Accumulated depreciation</b>						
Opening balance, November 1, 2022	2,131	486	14,230	14	273	17,134
Depreciation	992	539	8,820	1	217	10,569
Foreign currency translation	44	604	51	-	-	699
Balance, October 31, 2023	3,167	1,629	23,101	15	490	28,402
Depreciation	543	130	3,073	18	109	3,873
Foreign currency translation	102	(27)	37	-	-	112
<b>Balance, April 30, 2024</b>	<b>3,812</b>	<b>1,732</b>	<b>26,211</b>	<b>33</b>	<b>599</b>	<b>32,387</b>
Balance, October 31, 2023	2,572	2,230	19,232	23	3,085	27,142
<b>Balance, April 30, 2024</b>	<b>2,347</b>	<b>2,122</b>	<b>19,655</b>	<b>9</b>	<b>3,075</b>	<b>27,208</b>

- (i) As at April 30, 2024, the Company had a balance of \$936 (October 31, 2023 - \$711) in assets under construction, largely related to cannabis retail locations not yet in operations.



## High Tide Inc.

### Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended April 30, 2024 and 2023

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## 8. Intangible assets and goodwill

	Software	Licenses	Brand name	Goodwill	Total
<b>Cost</b>	\$	\$	\$	\$	\$
Opening balance, November 1, 2022	10,659	44,782	32,573	83,419	171,433
Additions	273	-	22	-	295
Additions from business combinations	-	1,487	-	3,416	4,903
Impairment loss	-	-	(23,257)	(10,292)	(33,549)
Foreign currency translation	378	-	(390)	(340)	(352)
Balance, October 31, 2023	11,310	46,269	8,948	76,203	142,730
Addition/(disposal) <sup>(i)</sup>	183	(370)	1,000	-	813
Foreign currency translation	39	-	(944)	737	(168)
<b>Balance, April 30, 2024</b>	<b>11,532</b>	<b>45,899</b>	<b>9,004</b>	<b>76,940</b>	<b>143,375</b>
<b>Accumulated depreciation</b>					
Opening balance, November 1, 2022	4,082	21,861	-	-	25,943
Amortization	2,131	11,093	-	-	13,224
Foreign currency translation	78	-	-	-	78
Balance, October 31, 2023	6,291	32,954	-	-	39,245
Amortization	1,139	4,877	-	-	6,016
Foreign currency translation	(34)	-	-	-	(34)
<b>Balance, April 30, 2024</b>	<b>7,396</b>	<b>37,831</b>	<b>-</b>	<b>-</b>	<b>45,227</b>
Balance, October 31, 2023	5,019	13,315	8,948	76,203	103,485
<b>Balance, April 30, 2024</b>	<b>4,136</b>	<b>8,068</b>	<b>9,004</b>	<b>76,940</b>	<b>98,148</b>

- (i) During the three and six months ended April 30, 2024, the Company purchased the Queen of Bud brand for consideration of \$100 in cash and \$900 in common shares. The acquisition of this brand did not constitute a business combination in accordance with IFRS 3.

## 9. Prepaid expenses and deposits

As at	April 30, 2024	October 31, 2023
	\$	\$
Deposits on cannabis retail outlets	1,764	1,640
Prepaid insurance and other	3,249	3,847
Prepayment on inventory	2,088	2,656
<b>Total</b>	<b>7,101</b>	<b>8,143</b>
Less current portion	(4,895)	(4,836)
Long-term	2,206	3,307

## 10. Inventory

As at	April 30, 2024	October 31, 2023
	\$	\$
Finished goods	27,164	25,470
Work in process	70	16
Raw materials	1,019	626
Provision for obsolescence	(138)	(138)
<b>Total</b>	<b>28,115</b>	<b>25,974</b>



## High Tide Inc.

### Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended April 30, 2024 and 2023

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#### 11. Trade and other receivables

As at	April 30, 2024	October 31, 2023
	\$	\$
Trade accounts receivable	4,161	8,007
Sales tax receivable	161	102
Allowance for doubtful accounts	(218)	(536)
<b>Total</b>	<b>4,104</b>	<b>7,573</b>

#### 12. Put option liability

As at	April 30, 2024	October 31, 2023
Blessed put option liability <sup>(i)</sup>	1,130	1,490
Nuleaf put option liability <sup>(ii)</sup>	-	2,185
<b>Total put option liability</b>	<b>1,130</b>	<b>3,675</b>

The Company recognizes call options in accordance with IFRS 10 - Consolidated Financial Statements and has recognized NCI in the condensed interim consolidated financial statements. If the put option is exercised, the Company accounts for increases in its ownership interest as an equity transaction. Consequently, the financial liability is remeasured immediately before the transaction, and is extinguished by payment of the exercise price and the NCI is derecognized against equity. If the put option expires unexercised, the liability is reclassified to the same component of equity that was previously reduced upon initial recognition.

- (i) On October 19, 2021, the Company acquired 80% of the outstanding shares of Blessed CBD. The acquisition agreement also included a call and put option that could result in the Company acquiring the remaining 20% of common shares of Blessed CBD not acquired upon initial acquisition. The put option is valued based on the 12 trailing months of sales times a pre-determined multiple of 2.2 times. The put option will expire on October 18, 2024. The initial obligation under the put option was valued at \$4,323. During the three and six months ended April 30, 2024, the Company revalued the fair value of the put option and recognized an unrealized gain of \$136 and \$360 respectively (three and six months ended April 30, 2023: \$487 and \$828 unrealized gain respectively) in the statement of income (loss) and comprehensive income (loss).
- (ii) On November 29, 2021, the Company acquired 80% of the outstanding shares of NuLeaf. The acquisition agreement also included a call and put option that could result in the Company acquiring the remaining 20% of common shares of NuLeaf not acquired upon initial acquisition. The initial obligation under the put option was valued \$8,326. During the three and six months ended April 30, 2024, the Company revalued the fair value of the put option and recognized an unrealized loss of \$26 and gain of \$50 (three and six months ended April 30, 2023: \$678 and \$1,652 unrealized gain), in the condensed interim consolidated statement of net income (loss) and comprehensive income (loss). On May 29, 2023, the Company received a notice to exercise the put option related to NuLeaf and purchase the remaining 20% ownership of NuLeaf which has been settled as of April 2, 2024.

#### 13. Accounts payables and accrued liabilities

As at	April 30, 2024	October 31, 2023
	\$	\$
Accounts payable	8,415	8,353
Accrued liabilities	8,756	8,486
Income tax payable	1,446	1,631
Sales tax payable	2,576	2,432
<b>Total</b>	<b>21,193</b>	<b>20,902</b>



## High Tide Inc.

### Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended April 30, 2024 and 2023

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#### 14. Notes payable

As at	April 30, 2024	October 31, 2023
	\$	\$
Other	136	215
Notes payable <sup>(i)</sup> <sup>(ii)</sup>	14,448	12,429
<b>Total</b>	<b>14,584</b>	<b>12,644</b>
Less current portion	(14,223)	(136)
Long-term obligation	361	12,508

- (i) During the three and six months ended April 30, 2024, the Company incurred interest in the amount of \$328 and \$676 (three and six months ended April 30, 2023: \$324 and \$649) and accretion expense in the amount of \$155 and \$282 (three and six months ended April 30, 2023: \$94 and \$205) in relation to the notes payable.
- (ii) During the three and six months ended April 30, 2024, the Company entered into a non-interest bearing note payable (note payable) with NuLeaf to settle the exercise of the put option (see Note 12). The note payable was entered into on April 2, 2024, in the amount of \$1,878 for a period of 15 months. During the three and six months ended April 30, 2024, the Company incurred accretion expense in the amount of \$31 and \$31 (three and six months ended April 30, 2023: nil).

#### 15. Interest bearing loans and borrowings

As at	April 30, 2024	October 31, 2023
	\$	\$
ConnectFirst loan	14,565	16,141
<b>Total</b>	<b>14,565</b>	<b>16,141</b>

On August 15, 2022, the Company entered into a \$19,000 demand term loan with Connect First credit union (the "Credit Facility") with Tranche 1 - \$12,100 available in a single advance, and Tranche 2 - \$6,900 available in multiple draws subject to pre-disbursement conditions set. The demand loan bears interest at the Credit Union's prime lending rate plus 2.50% per annum and is set to mature on September 5, 2027.

Tranche 1, is repayable on demand, but until demand is made this Credit Facility shall be repaid in monthly blended payments of principal and interest of \$241. Blended payments may be adjusted from time to time, if necessary, on the basis of the Credit Union's Prime Lending Rate and the principal outstanding. The Company received the inflow on October 7, 2022. The balance at the end of the period ended April 30, 2024 is \$9,265 (October 31, 2023: \$10,224).

Tranche 2, is repayable on demand, but until demand is made this Credit Facility shall be repaid in monthly blended payments of principal and interest of \$147. Blended payments may be adjusted from time to time, if necessary, on the basis of Prime, the principal outstanding and the amortization period remaining, the Company received the inflow on October 25, 2022. The Company received the remaining \$2,673 on March 8, 2023. The balance at the end of the period ended April 30, 2024 is \$5,300 (October 31, 2023: \$5,917).

Attached to the loan is a general security agreement comprising a first charge security interest over all present and after acquired personal property, registered at Personal Property Registry for the assets of Canna Cabana Inc., Meta Growth Corp., 2680495 Ontario Inc., Valiant Distribution Canada Inc., High Tide USA Inc., Smoke Cartel USA Inc., DHC Supply LLC., DS Distribution Inc., Enigmaa Ltd., High Tide Inc. BV., SJV2 BV., SJV BV o/a Grasscity., and a limited recourse guarantee against \$5,000 worth of High Tide Inc. shares held by Harkirat Singh Grover, and affiliates, to be pledged in favor of the Connectfirst.

During the three and six months ended, April 30, 2024, the Company incurred interest for the three and six months ended April 30, 2024 in the amount of \$366 and \$754 (three and six months ended April 30, 2023: \$365 and \$687) and paid \$799 and \$1,576 (six months ended April 30, 2023: \$676 and \$1,337) as principal in relation to the outstanding interest bearing loans and borrowings.

As at April 30, 2024, the Company has met all the covenants attached to the loan.



## High Tide Inc.

### Notes to the Condensed Interim Consolidated Financial Statements

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## 16. Convertible debentures

As at	April 30, 2024	October 31, 2023
	\$	\$
Convertible debentures, beginning of period	8,708	7,466
Settlement of convertible debenture in equity	(5,025)	-
Repayment of convertible debenture	(2,852)	-
Settlement of convertible debenture in services	(102)	(505)
Accretion on convertible debentures	161	1,747
<b>Total</b>	<b>890</b>	<b>8,708</b>

On November 1, 2023, the Company entered into a debt restructuring agreement resulting in amendments to the agreement dated July 24, 2022 as disclosed in the October 31, 2023 consolidated Financial Statements. In accordance with IFRS 9, the Company accounted for the restructuring as an extinguishment of the previous debenture. As a result of the restructuring, the following amendments occurred:

- (i) Convertible debenture: Effective November 1, 2023, the Company agreed to settle \$5,025 (balloon payment) of the convertible debenture in shares, with the remaining balance to be repaid in semi-annual payments starting December 30, 2023. The convertible debenture matures on January 1, 2025, and interest on the convertible debenture is 8.5%. Upon extinguishment of the original debenture, \$150 was recognized in equity. The impact on the statement of loss and comprehensive loss was nominal. Management calculated the fair value of the liability component as \$3,641 using a discount rate of 20% along with forecasted scheduled repayments, with the residual of \$193 being allocated to equity. For the six months ended April 30, 2024 the Company recognized 1 in retained earnings as a result of the revalued equity component. During the six months ended April 30, 2024 the Company made repayments of \$5,025 in shares and regular installment payments of \$2,852 (October 31, 2023 - nil). For the three and six months ended April 30, 2024, the Company recognized accretion of \$32 and \$161 (three and six months ended April 30, 2023 - \$444 and \$865) in the statement of loss and comprehensive loss. As of April 30, 2024, the outstanding balance of the convertible debenture is \$890 (October 31, 2023 - \$8,708).

## 17. Finance and other costs

	Three months ended April 30,		Six months ended April 30,	
	2024	2023	2024	2023
	\$	\$	\$	\$
Accretion on convertible debentures	32	444	161	865
Accretion on notes payable	155	94	282	205
Accretion on lease liabilities	831	558	1,582	1,157
Interest on notes payable	328	324	676	649
Interest on interest bearing borrowings	366	365	754	687
Transaction and other costs	1,314	409	1,829	1,109
<b>Total</b>	<b>3,026</b>	<b>2,194</b>	<b>5,284</b>	<b>4,672</b>



## High Tide Inc.

### Notes to the Condensed Interim Consolidated Financial Statements

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## 18. Share capital

### (a) Issued:

#### Common shares:

	Number of shares	Amount
	#	\$
<b>Balance, November 1, 2022</b>	<b>71,021,233</b>	<b>279,513</b>
Acquisition - Jimmy's	2,595,533	4,932
Issuance of shares through ATM <sup>(i)</sup>	1,055,861	2,442
Share issuance costs	—	(28)
Vested restricted share units (RSU) (note 19)	66,667	161
Issued to pay fees in shares	136,266	278
Issuance of shares due to put option exercise	423,587	729
<b>Balance, October 31, 2023</b>	<b>75,299,147</b>	<b>288,027</b>
Issued to pay fees in shares	658,754	1,331
Purchase of Queen of bud - paid in shares	378,486	900
Issuance of shares through ATM <sup>(i)</sup>	1,400	3
Issuance of share for settlement of convertible debentures	2,491,345	5,025
Vested restricted share units (RSU) (note 19)	486,335	929
Share issuance cost	—	(27)
Options exercised	20,000	34
Warrants exercised	28,800	79
<b>Balance, April 30, 2024</b>	<b>79,364,267</b>	<b>296,301</b>

- (i) On August 31, 2023, the Company announced that it established a new at-the-market equity offering (“the ATM Program”) that allows the Company to issue up to \$30,000 (or the equivalent in U.S. dollars) of common shares from treasury to the public from time to time at the Company’s discretion and subject to regulatory requirements. As at April 30, 2024, a total of \$3 has been raised through the program.

## 19. Share-based compensation

### (a) Stock option plan

On April 19, 2022, the directors of the Company approved the 2022 equity incentive plan of the Company (the “Omnibus Plan”), which was effective upon the Company receiving disinterested shareholder approval at the annual general meeting and special meetings of shareholders of the Company on June 2, 2022.

The maximum number of common shares available and reserved for issuance, at anytime, under the Omnibus Plan, together with any other security-based compensation arrangements adopted by the Company, including the Predecessor Plans, has been fixed at 20% of the issued and outstanding common shares as at June 2, 2022. The maximum share options that can be issued is 12,617,734 Common Shares.

The Company’s previous stock option plan limited 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. It is the Company’s intention for the stock options it grants to generally vest one-fourth on each of the first, second, third and fourth, six-month anniversaries of the grant date. All options that are outstanding will expire upon maturity, or earlier, if the optionee ceases to be a director, officer, employee or consultant. The maximum exercise period of an option shall not exceed 10 years from the grant date.



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Changes in the number of stock options, with their weighted average exercise prices, are summarized below:

As at	April 30, 2024		October 31, 2023	
	Number of options	Weighted average exercise price (\$)	Number of options	Weighted average exercise price (\$)
Balance, beginning of the period	4,590,980	3.94	2,250,082	6.16
Granted	-	-	2,666,457	2.61
Forfeited or expired	(1,384,613)	5.57	(325,559)	8.30
Exercised	(20,000)	1.70	-	-
Balance, end of period	3,186,367	3.26	4,590,980	3.94
Exercisable, end of period	1,226,105	4.11	1,909,963	5.68

For the three and six months ended April 30, 2024, the Company recorded share-based compensation related to options of \$494 and \$1,112 (three and six months ended April 30, 2023: \$193 and \$436).

Range of exercise price	Outstanding options			Exercisable options	
	Number of options outstanding	Weighted average remaining life (years)	Weighted average exercise price	Number of options exercisable	Weighted average exercise price
\$1.53 - \$9.14	3,186,367	2.03	3.26	1,226,105	4.11

#### (b) Restricted share units ("RSUs") plan

For the three and six months ended April 30, 2024, the Company recorded share-based compensation related to RSUs of \$55 and \$232 (three and six months ended April 30, 2023: \$197 and \$296).

As at	Number of shares	
	April 30, 2024	October 31, 2023
	#	#
Balance, beginning of the period	486,335	132,143
Granted	95,976	486,335
Forfeited or expired	-	-
Vested and issued	(486,335)	(132,143)
<b>Balance, end of the period</b>	<b>95,976</b>	<b>486,335</b>

#### (c) Escrow shares

For the three and six months ended April 30, 2024, the Company has recorded nil (three and six months ended April 30, 2023: \$1,142 and \$2,236) share-based compensation related to Escrow Shares. These shares were granted as part of compensation plan and are released based on the employment agreement.

As at	Number of shares	
	April 30, 2024	October 31, 2023
	#	#
Balance, beginning of the period	541,616	3,160,537
Forfeited or expired	(90,933)	-
Released from escrow	(450,683)	(2,618,921)
<b>Balance, end of the period</b>	<b>-</b>	<b>541,616</b>



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## 20. Warrants

	Number of warrants	Warrants amount	Derivative liability amount	Weighted average exercise price	Weighted average number of years to expiry	Expiry dates
	\$	\$	\$	\$		
Opening balance, November 1, 2022	91,694,784	15,497	-	2.58	2.39	
Warrants expired	(39,619,252)	(2,437)	-	0.43	-	2/6/2023
Warrants cancelled	(809,010)	(320)	-	0.43	-	2/6/2023
<b>Balance, October 31, 2023</b>	<b>51,266,522</b>	<b>12,740</b>	<b>-</b>	<b>5.61</b>	<b>0.75</b>	
Warrants expired	(25,101,836)	(5,591)	-	0.58	-	2/22/2024
Warrants exercised	(28,800)	(28)	-	2.73	-	7/22/2027
<b>Balance, April 30, 2024</b>	<b>26,135,886</b>	<b>7,121</b>	<b>-</b>	<b>10.45</b>	<b>0.67</b>	

As at April 30, 2024, 21,207,726 (October 31, 2023: 46,309,562) warrants were exercisable, on a basis of 15 warrants for 1 common share.

## 21. Loss per share

### (a) Current period loss per share

	Three months ended April 30,		Six months ended April 30	
	2024	2023	2024	2023
	\$	\$	\$	\$
Net loss for the period	171	(1,568)	166	(5,429)
Non-controlling interest portion of net loss	(196)	24	(531)	106
Company	(25)	(1,544)	(365)	(5,323)
	#	#	#	#
Weighted average number of common shares - basic	78,980,553	74,623,925	78,562,929	73,512,103
Basic and diluted loss per share	(0.00)	(0.02)	(0.00)	(0.07)

During the three and six months ended April 30, 2024, the Company has reported a net loss for the period and therefore, for the computation of diluted loss per share, common share equivalents are not considered, as the inclusion of the common share equivalents are anti-dilutive for the period.

## 22. Financial Instruments and risk management

The Company's activities expose it to a variety of financial risks. The Company is exposed to credit, liquidity, interest and market risk due to holding certain financial instruments. This note presents information about changes to the Company's exposure to each of these risks, its objectives, policies, and processes for measuring and managing risk, and its management of capital during the year. Further quantitative disclosure is included throughout these condensed interim consolidated financial statements. 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.

### (a) Fair value

The Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets and liabilities



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- Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The Company assessed that the fair values of cash and cash equivalents, trade and other receivable, accounts payable and accrued liabilities, and current liabilities approximate their carrying amounts largely due to the short-term nature of these instruments.

The following methods and assumptions were used to estimate the fair value:

- Marketable securities are determined based on level 1 inputs, as the prices for the marketable securities are quoted in public exchanges.
- The Convertible debentures are evaluated by the Company based on level 2 inputs such as the effective interest rate and the market rates of comparable securities. The convertible debentures are initially recorded at fair value and subsequently measured at amortized cost and at each reporting period accretion incurred in the period is recorded to transaction costs in the consolidated statement of loss and comprehensive loss.

#### (b) 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. The maximum exposure to credit risk is equal to the carrying value (net of allowances) of the financial assets. The objective of managing credit risk is to prevent losses on financial assets. The Company assesses the credit quality of counterparties, considering their financial position, past experience, and other factors. Cash and cash equivalents consist of bank balances. Credit risk associated with cash is minimized substantially by ensuring that these financial assets are held in highly rated financial institutions. The Company holds all cash and cash equivalents with large commercial banks or credit unions, which minimizes credit risk. The following table sets forth details of the aging profile of accounts receivable and the allowance for expected credit loss.

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

As at	April 30, 2024	October 31, 2023
	\$	\$
Current (for less than 30 days)	2,574	2,449
31 – 60 days	124	1,234
61 – 90 days	114	934
Greater than 90 days	1,349	3,390
Less allowance	(218)	(536)
	3,943	7,471

Accounts receivable consist primarily of accounts receivable from invoicing for products and services rendered. The Company's credit risk arises from the possibility that a customer which owes the Company money is unable or unwilling to meet its obligations in accordance with the terms and conditions in the contracts with the Company, which would result in a financial loss for the Company. This risk is mitigated through established credit management techniques, including monitoring customer's creditworthiness, setting exposure limits and monitoring exposure against these customer credit limits.

For the the three and six months ended April 30, 2024, nil and \$2 (three and six months ended April 30, 2023: \$120 and \$500 respectively) in trade receivables were written off against the loss allowance due to bad debts and \$773 (2023 - nil) was written off directly to bad debts. Individual receivables which are known to be uncollectible are written off by reducing the carrying amount directly. The remaining accounts receivable are evaluated by the Company based on parameters such as interest rates, specific country risk factors, and individual creditworthiness of the customer. Based on this evaluation, allowances are taken into account for the estimated losses of these receivables.

The Company performs a regular assessment of collectability of accounts receivables. In determining the expected credit loss amount, the Company considers the customer's financial position, payment history and economic conditions.



## High Tide Inc.

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#### (c) 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's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. The Company generally relies on funds generated from operations, equity and debt financing 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. The Company's ability to manage its liquidity risk going forward will require some or all of the following: the ability to generate positive cash flows from operations and to secure capital or credit facilities on reasonable terms.

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

	Contractual Cash Flows				
	Less than one year	1-3 years	4-5 years	Greater than 5 years	
	\$	\$	\$	\$	\$
Accounts payable and accrued liabilities	21,193	21,193	–	–	–
Notes payable	14,584	14,223	282	–	79
Interest bearing loans and borrowings	14,565	14,565	–	–	–
Put option liability	1,130	1,130	–	–	–
Convertible debentures	890	890	–	–	–
Undiscounted lease obligations	43,210	5,483	18,283	12,883	6,561
<b>Balance, April 30, 2024</b>	<b>95,572</b>	<b>57,484</b>	<b>18,565</b>	<b>12,883</b>	<b>6,640</b>

#### (d) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in the market interest rate related primarily to the Company's current credit facility with variable interest rates.

At April 30, 2024, approximately 48% of the Company's borrowings are at a fixed rate of interest (October 31, 2023: 45%).

Assuming all other variables remain constant, a fluctuation of +/- 1.0 percent in the interest rate would impact the interest payment by approximately +/- \$146.

#### (e) Foreign currency risk

Foreign currency risk is defined as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company maintains cash balances and enters into transactions denominated in foreign currencies, which exposes the Company to fluctuating balances and cash flows due to variations in foreign exchange rates. The Canadian dollar equivalent carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities as at April 30, 2024 was as follows:

As at	April 30, 2024				October 31, 2023	
(Canadian dollar equivalent amounts of GBP, EUR, USD)	(GBP)	(EUR)	(USD)	Total	Total	
	\$	\$	\$	\$	\$	
Cash	401	550	2,848	<b>3,799</b>	4,119	
Accounts receivable	115	225	770	<b>1,110</b>	984	
Accounts payable and accrued liabilities	(145)	(892)	(4,267)	<b>(5,304)</b>	(5,866)	
Net monetary assets	371	(117)	(649)	<b>(395)</b>	(763)	

Assuming all other variables remain constant, a fluctuation of +/- 5.0 percent in the exchange rate between USD and the Canadian dollar would impact the carrying value of the net monetary assets by approximately +/- \$32 (October 31, 2023 - \$55). Maintaining constant variables, a fluctuation of +/- 5.0 percent in the exchange rate between the EUR and the Canadian dollar would impact the carrying value of the net monetary assets by approximately +/- \$6 (October 31, 2023 - \$15), and a fluctuation of +/- 5.0 percent in the exchange rate between GBP and the Canadian dollar would impact the carrying value of the net monetary assets by



## High Tide Inc.

### Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended April 30, 2024 and 2023

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

approximately +/- \$19 (October 31, 2023 - \$32). To date, the Company has not entered into financial derivative contracts to manage exposure to fluctuations in foreign exchange rates.

## 23. Segmented information

During the first quarter of 2024, the Company has changed its reporting segments to reflect its current operating structure. The reporting segments are now being reported in the following two operating segments:

1. Bricks-and-mortar operations which includes the Company's Canadian bricks-and-mortar locations, inclusive of the Canadian warehouse which supports the distribution of accessories and other items to the Canadian stores. In addition, corporate overhead has been allocated to the reporting segment.
2. E-commerce operations which include the Company's US and international subsidiaries, inclusive of the US warehouse which supports the distribution of accessories and other items to the US and international subsidiaries. In addition, corporate overhead has been allocated to the reporting segment.

Corporate costs are allocated to each segment based on percentage of revenue.

These reporting segments of the Company have been identified because they are segments: (a) that engage in business activities from which revenues are earned and expenses are incurred; (b) whose operating results are regularly reviewed by the Company's chief operating decision maker, identified as the Chief Executive Officer, to make decisions about the resources to be allocated to each segment and assess its performance; and (c) for which discrete financial information is available. In accordance with IFRS 8, the Company has reporting segments which are based on the similarity of goods and services provided and economic characteristics exhibited by the operating segments.

The audited consolidated financial statements of the Company for the year ended October 31, 2023, included three reporting segments as follows:

1. Retail operations which included both bricks-and-mortar and e-commerce operations, without the allocation of corporate overhead.
2. Wholesale operations which included both the Canadian and US warehouse.
3. Corporate operations which included all costs associated with the Company's head office.

The accounting policies used for segment reporting are consistent with the accounting policies used for the preparation of the Company's annual audited financial statements. The comparative information has been prepared in accordance with the current reporting segments noted above. There have been no changes to the underlying data used to prepare the comparative reporting segments for the prior year.



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**High Tide Inc.**

**Notes to the Condensed Interim Consolidated Financial Statements**

For the three and six months ended April 30, 2024 and 2023

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

	Bricks-and-Mortar		E-commerce		Total	
	2024	2023	2024	2023	2024	2023
	\$	\$	\$	\$	\$	\$
<b>For the three months ended April 30,</b>						
Total revenue	\$ 115,130	\$ 103,604	\$ 9,129	\$ 14,530	\$ 124,259	\$ 118,134
Gross profit	\$ 30,234	\$ 24,231	\$ 5,065	\$ 7,338	\$ 35,299	\$ 31,569
Income (loss) from operations	\$ 1,717	\$ (2,711)	\$ 270	\$ 69	\$ 1,987	\$ (2,642)

	Bricks-and-Mortar		E-commerce		Total	
	2024	2023	2024	2023	2024	2023
	\$	\$	\$	\$	\$	\$
<b>For the six months ended April 30,</b>						
Total revenue	\$ 230,831	\$ 203,368	\$ 21,496	\$ 32,844	\$ 252,327	\$ 236,212
Gross profit	\$ 61,145	\$ 47,639	\$ 10,148	\$ 16,112	\$ 71,293	\$ 63,751
Income (loss) from operations	\$ 4,672	\$ (6,578)	\$ 107	\$ 15	\$ 4,779	\$ (6,563)

	Bricks-and-Mortar		E-commerce		Total	
	2024	2023	2024	2023	2024	2023
	\$	\$	\$	\$	\$	\$
<b>As at April 30, 2024 and October 31, 2023</b>						
Current assets	\$ 65,404	\$ 59,301	\$ 6,975	\$ 9,344	\$ 72,379	\$ 68,645
Non-current assets	\$ 124,238	\$ 126,579	\$ 37,845	\$ 38,177	\$ 162,083	\$ 164,756
Current liabilities	\$ 51,763	\$ 51,001	\$ 10,059	\$ 7,136	\$ 61,822	\$ 58,137
Non-current liabilities	\$ 28,960	\$ 37,304	\$ 1,471	\$ 4,294	\$ 30,431	\$ 41,598



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

For the three and six months ended April 30, 2024 and 2023

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

	Canada	Canada	USA	USA	International	International	Total	Total
	2024	2023	2024	2023	2024	2023	2024	2023
	\$	\$	\$	\$	\$	\$	\$	\$
<b>For the three months ended April 30,</b>								
Total revenue	\$115,130	\$103,606	\$ 8,716	\$ 13,661	\$ 413	\$ 869	\$124,259	\$118,136
Gross profit	\$ 30,232	\$ 24,843	\$ 4,796	\$ 6,370	\$ 271	\$ 356	\$ 35,299	\$ 31,569
Income (loss) from operations	\$ 1,285	\$ (2,788)	\$ 140	\$ 65	\$ 562	\$ 81	\$ 1,987	\$ (2,642)
	Canada	Canada	USA	USA	International	International	Total	Total
For the six months ended April 30,	2024	2023	2024	2023	2024	2023	2024	2023
	\$	\$	\$	\$	\$	\$	\$	\$
Total revenue	\$230,831	\$203,368	\$ 20,531	\$ 30,734	\$ 965	\$ 2,110	\$252,327	\$236,212
Gross profit (loss)	\$ 61,148	\$ 48,251	\$ 9,547	\$ 14,580	\$ 598	\$ 920	\$ 71,293	\$ 63,751
(Loss) income from operations	\$ 3,770	\$ (7,719)	\$ 286	\$ 709	\$ 723	\$ 447	\$ 4,779	\$ (6,563)
	Canada	Canada	USA	USA	International	International	Total	Total
As at April 30, 2024 and October 31, 2023	2024	2023	2024	2023	2024	2023	2024	2023
	\$	\$	\$	\$	\$	\$	\$	\$
Current assets	\$ 66,331	\$ 55,787	\$ 5,371	\$ 11,386	\$ 677	\$ 1,472	\$ 72,379	\$ 68,645
Non-current assets	\$125,421	\$126,579	\$ 32,327	\$ 34,006	\$ 4,335	\$ 4,171	\$162,083	\$164,756
Current liabilities	\$ 55,522	\$ 50,968	\$ 5,948	\$ 5,958	\$ 352	\$ 1,211	\$ 61,822	\$ 58,137
Non-current liabilities	\$ 27,632	\$ 37,308	\$ 2,313	\$ 3,814	\$ 486	\$ 476	\$ 30,431	\$ 41,598

- (i) Corporate overhead is allocated to bricks-and-mortar and e-commerce based on a percentage of revenue for six months ended April 30, 2024 as 91% and bricks-and-mortar and 9% e-commerce (for the six months ended April 30, 2023 - 86% bricks-and-mortar and 14% e-commerce).

## 24. Related party transactions

As at April 30, 2024, 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.

### (a) Operational transactions

An office and warehouse unit has been developed by Grover Properties Inc., a company that is related through a common controlling shareholder and the President & CEO of the Company. The office and warehouse space were leased to High Tide to accommodate the Company's operational expansion. The lease was established by an independent real estate valuations services company at prevailing market rates and has annual lease payments totaling \$386 per annum. The primary lease term is 5 years with two additional 5-year term extensions exercisable at the option of the Company.

### (b) Financing transactions

On August 15, 2022, the Company entered into a \$19,000 demand term loan with Connect First credit union (the "Credit Facility") with Tranche 1 - \$12,100 available in a single advance, and Tranche 2 - \$6,900 available in multiple draws subject to pre-disbursement conditions set. To facilitate the credit facility, the president and CEO of the Company provided limited Recourse Guarantee against \$5,000 worth of High Tide Inc. shares held by the CEO, and affiliates, to be pledged in favor of the Credit Union until the earlier of:

- (i) 12 months following initial funding, provided all covenants of High Tide Inc. are in good standing; and  
(ii) The CEO no longer being an officer of High Tide Inc.



## High Tide Inc.

### Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended April 30, 2024 and 2023

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The parties agree that this personal guarantee will only be available after all collection efforts against High Tide Inc. have been exhausted, including the sale of High Tide Inc.

## 25. Right of use assets and lease liabilities

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

<b>Right of use assets</b>	<b>Total</b>
	\$
Opening balance, November 1, 2023	30,643
Net additions	8,342
Depreciation expense for the period	(4,464)
<b>Balance, April 30, 2024</b>	<b>34,521</b>

<b>Lease Liabilities</b>	<b>Total</b>
	\$
Opening balance, November 1, 2023	35,037
Additions	6,913
Terminations	-
Adjustments	(292)
Cash outflows in the year	(5,652)
Accretion expense for the year ended (Note 17)	1,582
<b>Balance, April 30, 2024</b>	<b>37,588</b>
Less current portion	(7,797)
Non-current	29,791

During the three and six months period ended April 30, 2024, the Company also paid \$1,098 and \$2,328 (three and six months ended April 30, 2023: \$1,288 and \$2,251) in variable operating costs associated to the leases which are expensed under general and administrative expenses.



## High Tide Inc.

### Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended April 30, 2024 and 2023

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

## 26. Capital management

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

- (i) Explore profitable growth opportunities;
- (ii) Deploy capital to provide an appropriate return on investment for shareholders;
- (iii) Maintain financial flexibility to preserve the ability to meet financial obligations; and
- (iv) Maintain a capital structure that provides financial flexibility to executed on strategic opportunities.

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

## 27. Contingent liability

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



## High Tide Inc.

### Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended April 30, 2024 and 2023

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

## 28. Non-controlling interest

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

As at	April 30, 2024	October 31, 2023
	\$	\$
Total current assets	4,722	3,017
Total non-current assets	7,894	21,085
Total current liabilities	(942)	(4,128)
Total non-current liabilities	(857)	(4,891)
Revenues for the period ended	7,788	31,723
Net income for the period ended	1,507	(13,252)
Total Comprehensive income/loss	1,930	(10,672)

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

As at	April 30, 2024	October 31, 2023
	\$	\$
Opening balance	2,110	5,683
Share of loss (gain) for the period - Saturninus Partners	43	245
Share of (gain) loss for the period - NAC OCN Ltd.Partnership	127	284
Share of (gain) loss for the period - NAC Thompson North Ltd. Partnership	111	313
Share of loss for the period - Enigmaa Ltd.	114	(524)
Share of loss (gain) for the period - NuLeaf	136	(1,960)
Purchase of NuLeaf	(196)	-
Distribution - Blessed	-	(358)
Distribution - Meta	-	(104)
Purchase of minority interest and closing of NCI balance - FABCBD	-	(1,469)
<b>Balance, April 30, 2024</b>	<b>2,445</b>	<b>2,110</b>

## 29. Subsequent events

Subsequent to April 30, 2024, the following events took place:

- The Company sold 1,055,900 common shares to one institutional investor through the ATM program for gross proceeds in the amount of \$3,151.
- The Company has entered into binding subscription agreements with arm's length institutional credit providers for \$15,000 in subordinated debt financing. Pursuant to the terms of the subscription agreements, the funds will be drawn in two tranches: (i) \$10,000 at closing, expected on or before June 30, 2024 and (ii) \$5,000 in November 2024.



HIGHTIDE

# Management's Discussion & Analysis

For the three and six months ended April 30, 2024 and 2023





HIGHTIDE

**High Tide Inc.**

**Management's Discussion and Analysis**

For the three and six months ended April 30, 2024 and 2023

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

Established consumer brands of High Tide Inc.

**CANNA**  
*Cabana* 

**FASTENDR™**

 **Grasscity**  
world's best online headshop

*Smoke  
Cartel*

 **DAILYHIGHCLUB**

 **dankstop**

**FABCBD**

 **BlessedCBD**

**NuLeaf**  
Naturals

  
**QUEEN OF BUD**

 **VALIANT**  
DISTRIBUTION



HIGHTIDE

## High Tide Inc.

### Management's Discussion and Analysis

For the three and six months ended April 30, 2024 and 2023

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

#### About this MD&A:

This management's discussion and analysis (this "MD&A") of High Tide Inc. ("High Tide", "we", "our" or the "Company") for the three and six months ended April 30, 2024 and 2023 is dated June 13, 2024. This MD&A should be read in conjunction with the unaudited condensed interim consolidated financial statements of the Company for the three and six months ended April 30, 2024 and 2023 together with the notes thereto and the audited consolidated financial statements of the Company for the years ended October 31, 2023 and 2022 (hereafter the "Financial Statements"). The financial information presented in this MD&A has been derived from the Financial Statements which prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The Company's continuous disclosure materials, including interim filings, audited annual consolidated financial statements, annual information form and annual report on Form 40-F can be found on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca), with the company's filings and with the SEC at [www.sec.gov](http://www.sec.gov).

This MD&A also refers to the Company's two reportable operating segments: (i) the "bricks-and-mortar" segment which includes the Company's Canadian bricks-and-mortar locations, inclusive of the Canadian warehouse which supports the distribution of accessories and other items to the Canadian stores (ii) the "e-commerce" Segment which include the Company's USA and international subsidiaries, inclusive of the USA warehouse which supports the distribution of accessories and other items to the USA and international subsidiaries (each as defined below under the heading – Segment Operations).

High Tide is a high-impact, retail-forward enterprise built to deliver real-world value across every component of cannabis. The Company's shares are listed on the Nasdaq Capital Market ("Nasdaq") under the ticker symbol "HITI", the TSX Venture Exchange ("TSXV") under the symbol "HITI", and the Frankfurt Stock Exchange under the securities identification code 'WKN: A2PBPS' and the ticker symbol "2LYA". The address of the Company's headquarters is #112, 11127 15 Street NE, Calgary, Alberta, T3K 2M4.

#### Corporate overview:

Founded in 2009, High Tide through its subsidiary Canna Cabana is the largest non-franchised cannabis retail chain in Canada. As of the date of this MD&A,, the Company operates 172 branded retail cannabis stores across Canada represented by 79 locations in Alberta, 63 locations in Ontario, 11 locations in Saskatchewan, 8 locations in British Columbia, and 11 locations in Manitoba. Included within the 168 stores are 3 locations, in which the Company has a 50% interest in a partnership that operates a branded retail Canna Cabana location in Sudbury, Ontario and two joint venture operations with a 49% interest that operates two branded retail locations in Manitoba.

Leveraging the brand equity established through their consumer brands, High Tide sells cannabis, CBD products and consumption accessories through both traditional bricks-and-mortar as well as e-commerce platforms. Traditional bricks-and-mortar sales are conducted under the Company's Canna Cabana brand, CBD product sales are conducted online under the Company's NuLeaf Natural, FABCBD, and Blessed CBD brands, and online sales through e-commerce platforms are conducted under the Company's Grasscity, Smoke Cartel, Daily High Club and Dankstop brands.

In addition to consumer sales, High Tide operates a wholesale division under their Valiant Distribution ("Valiant") brand. Through Valiant, the Company supplies various Canadian shops and e-commerce platforms with consumption accessories that are designed and branded under the Valiant brand.

Under these established brands, High Tide has expanded their network to sell cannabis (only in Canada), CBD products and consumption accessories throughout Canada, the UK, Netherlands and the United States, becoming one of the most recognized cannabis retail groups globally.



HIGHTIDE

## High Tide Inc.

### Management's Discussion and Analysis

For the three and six months ended April 30, 2024 and 2023

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

#### Corporate update:

High Tide is the largest non-franchised cannabis retailer in Canada and the second largest globally by store count. The Company had previously communicated a target to add 20-30 locations in calendar 2024, which the company remains on track to achieve. Fueled by its internal cash flow generation, High Tide has opened 10 new Canna Cabana locations since the beginning of this year, all organically. The Company anticipates further greenfield growth throughout this calendar year, which could be potentially supplemented by M&A transactions.

The Company's Cabana Club loyalty program continues to expand across the country, currently exceeding 1.43 million members, which is up 38% over the past year. ELITE, the paid membership tier, has been growing at its fastest pace since inception and has now exceeded 44,000 members with additional members being onboarded daily. Our ELITE members tend to shop more frequently and in larger quantities than base tier members and the ELITE program supports the company in generating upwards of 70% gross margins.

The Company's market share in Q2 rose to 10.9% from 9.9% year-over-year, while only representing 4.8% of the bricks-and-mortar store count in the provinces where it operates. The Company anticipates its market share to continue its upward trajectory, given its organic store pipeline, ongoing M&A discussions and competitor closures. The Company's long-term goal is to hit 15% market share in the provinces where it operates, and to reach 300 Canna Cabana locations nationwide.

The recent regulatory change in Alberta allowing private-label products presents a meaningful opportunity for the Company, particularly on the heels of the acquisition of the Queen of Bud brand. The Company intends to launch innovative high-margin cannabis and consumption accessory offerings under its Cabana Cannabis Co and Queen of Bud banners to customers in Alberta where it has the largest store footprint.

The Company has proven its free cash flow capabilities, having generated over \$22 million during the past four quarters. These funds have helped fuel organic build outs, and debt repayments as well as a record cash balance of \$34.5 million at the end of Q2. The Company believes its financial profile is healthier than it has ever been. This position should be further fortified by the announced \$15 million debt financing which should close in the coming weeks.

The Company continues to monitor legislative and regulatory developments in Germany, particularly those related to potential commercial sale pilot projects with an aim to being ready to enter Europe's largest market as soon as possible.



## High Tide Inc.

### Management's Discussion and Analysis

For the three and six months ended April 30, 2024 and 2023

HIGHTIDE

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

#### Select financial highlights and operating performance:

	Three months ended April 30			Six months ended April 30		
	2024	2023	Change	2024	2023	Change
	\$	\$	Δ	\$	\$	Δ
Free cash flow <sup>(i)</sup>	<b>9,383</b>	(1,951)	581 %	<b>12,991</b>	(2,798)	564 %
Revenue	<b>124,259</b>	118,136	5 %	<b>252,327</b>	236,212	7 %
Gross profit	<b>35,299</b>	31,569	12 %	<b>71,293</b>	63,751	12 %
Gross profit margin <sup>(ii)</sup>	<b>28 %</b>	27 %	1 %	<b>28 %</b>	27 %	1 %
Total operating expenses	<b>(33,312)</b>	(34,211)	(3)%	<b>(66,514)</b>	(70,314)	(5)%
Income (loss) from operations	<b>1,987</b>	(2,642)	175 %	<b>4,779</b>	(6,563)	173 %
Adjusted EBITDA <sup>(iii)</sup>	<b>10,041</b>	6,589	52 %	<b>20,476</b>	12,089	69 %
Adjusted EBITDA margin <sup>(iv)</sup>	<b>8 %</b>	6 %	2 %	<b>8 %</b>	5 %	3 %
Net Income (loss)	<b>171</b>	(1,568)	111 %	<b>166</b>	(5,429)	103 %
Basic and diluted loss per share	<b>(0.00)</b>	(0.02)	50 %	<b>(0.00)</b>	(0.07)	86 %

(i) Free cash flow is a non-IFRS financial measure prepared based on the calculation mentioned in "Select financial highlights and operating performance" section in this MD&A.

(ii) Gross profit margin - a non-IFRS financial measure. Gross profit margin is calculated by dividing gross profit by revenue.

(iii) Adjusted EBITDA - a non-IFRS financial measure. A reconciliation of the Adjusted EBITDA to Net income (loss) is found under "Select financial highlights and operating performance" section in this MD&A.

(iv) Adjusted EBITDA margin - a non-IFRS financial measure. This metric is calculated as adjusted EBITDA divided by revenue.

The key factors affecting the results of the three months ended April 30, 2024, were:

- **Free cash flow positive** —For the fourth consecutive quarter, the Company is free cash flow positive, ending the quarter with free cash flow of \$9,382. The increase of 581% is driven by strong Adjusted EBITDA in the quarter consistent with the previous quarter, along with an increase of non-cash working capital \$4,777 in working capital.
- **Revenue** – The 5% year-over-year growth in revenue is contributed by the increase in the number of stores to 168 stores compared to 153 stores year over year marginally offset by the increase/decrease in data analytics and e-commerce revenues.
- **Adjusted EBITDA** – The 52% year-over-year increase in Adjusted EBITDA is driven by an increase in gross profit margin of 1% and an increase the number of stores from 153 to 168.



## High Tide Inc.

### Management's Discussion and Analysis

For the three and six months ended April 30, 2024 and 2023

HIGHTIDE

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

#### Revenue

	Three months ended April 30			Six months ended April 30		
	2024	2023	Change	2024	2023	Change
	\$	\$	Δ	\$	\$	Δ
Cannabis and CBD products	107,959	100,172	8%	216,867	197,714	10%
Consumption accessories	7,323	11,292	(35)%	18,701	25,120	(26)%
Data analytics, advertising and other revenue	8,977	6,672	35%	16,759	13,378	25%
<b>Total revenue</b>	<b>124,259</b>	<b>118,136</b>	<b>5%</b>	<b>252,327</b>	<b>236,212</b>	<b>7%</b>

The increased by 5% for the three months ended April 30, 2024 and by 7% for the six months ended April 30, 2024 as compared to same periods of 2023.

The increase in revenue was primarily related to the combination of increase in the number of stores in the bricks-and-mortar and overall organic growth in same-store sales. Total number of stores increased by 10% from 153 branded retail stores in the second quarter of 2023 to 168 stores in the second quarter of 2024, in addition to same store sales increased by 4% and 6% for the three and six months ended respectively. The revenue growth is primarily attributable to continued same-store sales growth and new stores build outs.

For the three months ended April 30, 2024 the new stores contributed \$3,800 increase in revenue whereas organic growth of same-store revenue accounted for \$7,700 which has been offset by reduction in revenue related to e-commerce sales of \$5,400. For the six months ended April 30, 2024, the new stores contributed \$13,100 increase in revenue whereas organic growth of same-store revenue accounted for \$14,300 which has been offset by reduction in revenue related to e-commerce sales of \$11,300.

#### Gross profit

	Three months ended April 30			Six months ended April 30		
	2024	2023	Change	2024	2023	Change
	\$	\$	Δ	\$	\$	Δ
Revenue	124,259	118,136	5 %	252,327	236,212	7 %
Cost of sales	(88,960)	(86,567)	3 %	(181,034)	(172,461)	5 %
<b>Gross profit</b>	<b>35,299</b>	<b>31,569</b>	<b>12 %</b>	<b>71,293</b>	<b>63,751</b>	<b>12 %</b>

Gross profit increased to \$35.3 million in the second fiscal quarter of 2024 compared to \$31.6 million during the same period in 2023, representing an increase of 12% year-over-year and (2)% sequentially, given this quarter had two fewer days.

Gross profit margin in the three months ended April 30, 2024, was 28.4%, representing its highest level in the past nine quarters. This compares to 26.7% during the same period in 2023, and 28.1% sequentially.



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*Operating expenses*

	Three months ended April 30			Six months ended April 30		
	2024	2023	Change	2024	2023	Change
	\$	\$	Δ	\$	\$	Δ
Salaries, wages and benefits	15,429	13,940	11 %	31,332	28,242	11 %
Share-based compensation	549	1,532	(64)%	1,344	2,968	(55)%
General and administration	5,559	6,191	(10)%	11,165	13,688	(18)%
Professional fees	1,995	2,684	(26)%	4,066	5,112	(21)%
Advertising and promotion	1,154	1,048	10 %	1,976	2,537	(22)%
Depreciation and amortization	7,505	7,699	(3)%	14,353	15,685	(9)%
Interest and bank charges	1,121	1,117	— %	2,278	2,082	9 %
<b>Total operating expenses</b>	<b>33,312</b>	<b>34,211</b>	<b>(3)%</b>	<b>66,514</b>	<b>70,314</b>	<b>(5)%</b>
<b>Operating expense as a percentage of revenue</b>	<b>27 %</b>	<b>29 %</b>	<b>(2)%</b>	<b>26 %</b>	<b>30 %</b>	<b>(4)%</b>

The total operating expenses, as a percentage of revenue, decreased by 2% and 4% for the three and six months ended April 30, 2024 as compared to the same period 2023. This decrease is mainly due to the Company's continued focus on implementing cost saving solutions that focus on efficiency without impacting the entities performance.

For the three months ended April 30, 2024 share based compensation was significantly down 64% compared to the three months ended April 30, 2023 as a result of all escrow shares being fully recognized in share-based compensation by October 31, 2023. Consistent with the previous quarters, the Company has continued to tighten its control over general and administration expenses which has resulted in a 10% decrease in for the three months ended April 30, 2024 as compared to the same period 2023. Consistent with the first fiscal quarter one, professional fees are down 26% for the three months ended April 30, 2024 as compared to the same period 2023, due to no business acquisitions taking place during the current period as compared to the acquisition of Jimmy's Cannabis which took place during the three months ended January 31, 2023.

As the Company deploys marketing and SEO initiatives surrounding its e-commerce businesses, advertising and promotional spending is expected to increase for the next several quarters.

*EBITDA and Adjusted EBITDA*

The Company defines EBITDA and Adjusted EBITDA as per the table below. It should be noted that these performance measures are not defined under IFRS and may not be comparable to similar measures used by other entities. The Company believes that these measures are useful financial metrics as they assist in determining the ability to generate cash from operations. Investors should be cautioned that EBITDA and Adjusted EBITDA should not be construed as an alternative to net earnings or cash flows as determined under IFRS. Management defines "Adjusted EBITDA" as the net (loss) income for the period, before income tax (recovery) expense, accretion and interest expense, depreciation and amortization, and adjusted for foreign exchange (gain) losses, transaction and acquisition costs, (gain) loss on revaluation of put option liability, (gain) loss on extinguishment of debenture, impairment loss, share-based compensation, (gain) loss on revaluation of marketable securities and (gain) loss on extinguishment of financial liability and other (gain) loss.



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	2024		2023				2022	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Net Income (loss)	171	(5)	(31,805)	(3,717)	(1,568)	(3,862)	(52,503)	(2,717)
Income/deferred tax (recovery) expense	(878)	(233)	(4,571)	204	(2,041)	(1,236)	(1,782)	731
Accretion and interest	1,712	1,743	1,632	1,931	1,759	1,814	782	1,470
Depreciation and amortization	7,505	6,848	8,583	8,493	7,699	7,986	8,249	7,182
<b>EBITDA</b>	<b>8,510</b>	<b>8,353</b>	<b>(26,161)</b>	<b>6,911</b>	<b>5,849</b>	<b>4,702</b>	<b>(45,254)</b>	<b>6,666</b>
Foreign exchange (gain) loss	(5)	5	(152)	31	2	(15)	(14)	120
Finance, transaction and other costs <sup>(i)</sup>	1,314	515	691	801	435	664	2,444	1,014
(Gain) loss revaluation of put option liability	(110)	(300)	544	73	(1,288)	(1,261)	(3,166)	(6,078)
Other loss	337	-	37	18	-	-	-	-
Loss (gain) on extinguishment of debenture	-	-	-	-	-	-	609	(140)
Impairment loss	-	-	34,265	-	-	-	48,592	-
Share-based compensation	549	795	(284)	2,350	1,532	1,436	2,091	1,734
Loss (gain) on revaluation of marketable securities	-	77	(13)	-	(19)	(8)	81	146
(Gain) loss on revaluation of debenture	(240)	755	(505)	-	-	-	(366)	784
(Gain) loss on extinguishment of financial liability	(314)	235	(60)	-	78	(18)	-	-
<b>Adjusted EBITDA</b>	<b>10,041</b>	<b>10,435</b>	<b>8,362</b>	<b>10,184</b>	<b>6,589</b>	<b>5,500</b>	<b>5,017</b>	<b>4,246</b>

(i) Finance and other costs consists of \$52 of lease termination cost, \$68 consultancy fee, \$637 legal fee and other cost of \$557.

### Free Cash Flow

The Company defines free cash flow as net cash provided by operating activities, minus sustaining capex, minus lease liability payments. Sustaining Capex is defined as leasehold improvements and maintenance spend required in the existing business. The most directly comparable financial measure is net cash provided by operating activities, as disclosed in the consolidated statement of cash flows. It should not be viewed as a measure of liquidity or a substitute for comparable metrics prepared in accordance with IFRS.

	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023
Cash flow from from operating activities	8,032	9,363	7,207	8,395	5,493
Changes in non-cash working capital	4,777	(2,490)	2,430	(850)	(4,128)
<b>Net cash provided by operating activities</b>	<b>12,809</b>	<b>6,873</b>	<b>9,637</b>	<b>7,545</b>	<b>1,365</b>
Sustaining capex	(528)	(511)	(1,080)	(705)	(625)
Lease liability payments	(2,898)	(2,754)	(2,870)	(2,789)	(2,691)
<b>Free cash flow</b>	<b>9,383</b>	<b>3,608</b>	<b>5,687</b>	<b>4,051</b>	<b>(1,951)</b>

### ATM Program

Pursuant to the Company's at-the-market equity offering program (the "ATM Program") that allows the Company to issue up to \$30 million (or the equivalent in U.S. dollars) of common shares ("Common Shares") from the treasury to the public from time to time, at the Company's discretion and subject to regulatory requirements, as required pursuant to National Instrument 44-102 – Shelf Distributions and the policies of the TSX Venture Exchange (the "TSXV"), the Company announces that, during its second fiscal quarter ended April 30, 2024, the Company issued an aggregate of 1,400 Common Shares over the Nasdaq Capital Market (Nasdaq), for aggregate gross proceeds of \$3 for the three and six months ended April 30, 2024.

Pursuant to an equity distribution agreement dated August 31, 2023, entered into among the Company, ATB Capital Markets Inc. and ATB Capital Markets USA Inc. (the "Agents"), associated with the ATM Program (the "Equity Distribution Agreement"), a nominal cash commission on the aggregate gross proceeds raised was paid to the Agents in connection with their services under the Equity Distribution Agreement during the second fiscal quarter ended April 30, 2024.



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The Company intends to use the net proceeds of the ATM Program at the discretion of the Company, to fund strategic initiatives it is currently developing, to support the growth and development of the Company's existing operations, funding future acquisitions as well as working capital and general corporate purposes.

Common Shares issued pursuant to the ATM Program are issued pursuant to a prospectus supplement dated August 31, 2023 (the "Canadian Prospectus Supplement") to the Company's final base shelf prospectus dated August 3, 2023, filed with the securities commissions or similar regulatory authorities in each of the provinces and territories of Canada (the "Canadian Shelf Prospectus") and pursuant to a prospectus supplement dated August 31, 2023 (the "U.S. Prospectus Supplement") to the Company's U.S. base prospectus dated August 3, 2023 (the "U.S. Base Prospectus") included in its registration statement on Form F-10 (the "Registration Statement") and filed with the U.S. Securities and Exchange Commission (the "SEC"). The Canadian Prospectus Supplement and Canadian Shelf Prospectus are available for download from SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca), and the U.S. Prospectus Supplement, the U.S. Base Prospectus and Registration Statement are accessible via EDGAR on the SEC's website at [www.sec.gov](http://www.sec.gov).

The ATM Program is effective until the earlier of (i) the date that all Common Shares available for issue under the ATM Program have been sold, (ii) the date the Canadian Prospectus Supplement in respect of the ATM Program or Canadian Shelf Prospectus is withdrawn and (iii) the date that the ATM Program is terminated by the Company or Agents.

### Segment operations:

During the first quarter of 2024, the Company has changed its reporting segments to reflect its current operating structure. The reporting segments are now being reported in the following two operating segments:

1. Bricks-and-mortar operations which includes the Company's Canadian bricks-and-mortar locations, inclusive of the Canadian warehouse which supports the distribution of accessories and other items to the Canadian stores. In addition, corporate overhead has been allocated to the reporting segment.
2. E-commerce operations which include the Company's US and international subsidiaries, inclusive of the US warehouse which supports the distribution of accessories and other items to the US and international subsidiaries. In addition, corporate overhead has been allocated to the reporting segment.

Corporate costs are allocated to each segment based on percentage of revenue.

These reporting segments of the Company have been identified because they are segments: (a) that engage in business activities from which revenues are earned and expenses are incurred; (b) whose operating results are regularly reviewed by the Company's chief operating decision maker, identified as the Chief Executive Officer, to make decisions about the resources to be allocated to each segment and assess its performance; and (c) for which discrete financial information is available. In accordance with IFRS 8, the Company has reporting segments which are based on the similarity of goods and services provided and economic characteristics exhibited by the operating segments.

The audited consolidated financial statements of the Company for the year ended October 31, 2023, included three reporting segments as follows:

1. Retail operations which included both bricks-and-mortar and e-commerce operations, without the allocation of corporate overhead.
2. Wholesale operations which included both the Canadian and US warehouse.
3. Corporate operations which included all costs associated with the Company's head office.

The accounting policies used for segment reporting are consistent with the accounting policies used for the preparation of the Company's annual audited financial statements. The comparative information has been prepared in accordance with the current reporting segments noted above. There have been no changes to the underlying data used to prepare the comparative reporting segments for the prior year.



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The following is a representation of these operational segments:

	Bricks-and-Mortar	Bricks-and-Mortar	E-commerce	E-commerce	Total	Total
<b>For the three months ended April 30,</b>	<b>2024</b>	2023	<b>2024</b>	2023	<b>2024</b>	2023
	\$	\$	\$	\$	\$	\$
Total revenue	<b>115,130</b>	103,604	<b>9,129</b>	14,530	<b>124,259</b>	118,134
Gross profit	<b>30,234</b>	24,231	<b>5,065</b>	7,338	<b>35,299</b>	31,569
Income (loss) from operations	<b>1,717</b>	(2,711)	<b>270</b>	69	<b>1,987</b>	(2,642)
<b>For the six months ended April 30,</b>	<b>2024</b>	2023	<b>2024</b>	2023	<b>2024</b>	2023
	\$	\$	\$	\$	\$	\$
Total revenue	<b>230,831</b>	203,368	<b>21,496</b>	32,844	<b>252,327</b>	236,212
Gross profit	<b>61,145</b>	47,639	<b>10,148</b>	16,112	<b>71,293</b>	63,751
Income (loss) from operations	<b>4,672</b>	(6,578)	<b>107</b>	15	<b>4,779</b>	(6,563)
<b>As at April 30, 2024 and October 31, 2023</b>	<b>2024</b>	2023	<b>2024</b>	2023	<b>2024</b>	2023
	\$	\$	\$	\$	\$	\$
Current assets	<b>65,404</b>	59,301	<b>6,975</b>	9,344	<b>72,379</b>	68,645
Non-current assets	<b>124,238</b>	126,579	<b>37,845</b>	38,177	<b>162,083</b>	164,756
Current liabilities	<b>51,763</b>	51,001	<b>10,059</b>	7,136	<b>61,822</b>	58,137
Non-current liabilities	<b>28,960</b>	37,304	<b>1,471</b>	4,294	<b>30,431</b>	41,598

Corporate overhead is allocated to bricks-and-mortar and e-commerce based on a percentage of revenue for the three months ended April 30, 2024, as 91% bricks-and-mortar and 9% e-commerce (2023 - 88% bricks-and-mortar and 12% e-commerce).

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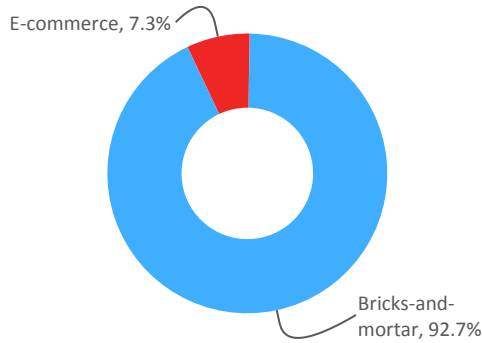
The geographical markets represent the performance based on the geographical locations of the customers who have contributed to the revenue.

The following is a representation of these geographical markets:

	<b>Canada</b>	Canada	<b>USA</b>	USA	<b>International</b>	International	<b>Total</b>	Total
<b>For the three months ended April 30,</b>	<b>2024</b>	2023	<b>2024</b>	2023	<b>2024</b>	2023	<b>2024</b>	2023
	\$	\$	\$	\$	\$	\$	\$	\$
Total revenue	<b>115,130</b>	103,606	<b>8,716</b>	13,661	<b>413</b>	869	<b>124,259</b>	118,136
Gross profit	<b>30,232</b>	24,843	<b>4,796</b>	6,370	<b>271</b>	356	<b>35,299</b>	31,569
Income (loss) from operations	<b>1,285</b>	(2,788)	<b>140</b>	65	<b>562</b>	81	<b>1,987</b>	(2,642)
<b>For the six months ended April 30,</b>	<b>2024</b>	2023	<b>2024</b>	2023	<b>2024</b>	2023	<b>2024</b>	2023
	\$	\$	\$	\$	\$	\$	\$	\$
Total revenue	<b>230,831</b>	203,368	<b>20,531</b>	30,734	<b>965</b>	2,110	<b>252,327</b>	236,212
Gross profit (loss)	<b>61,148</b>	48,251	<b>9,547</b>	14,580	<b>598</b>	920	<b>71,293</b>	63,751
(Loss) income from operations	<b>3,770</b>	(7,719)	<b>286</b>	709	<b>723</b>	447	<b>4,779</b>	(6,563)
<b>As at April 30, 2024 and October 31, 2023</b>	<b>2024</b>	2023	<b>2024</b>	2023	<b>2024</b>	2023	<b>2024</b>	2023
	\$	\$	\$	\$	\$	\$	\$	\$
Current assets	<b>66,331</b>	55,787	<b>5,371</b>	11,386	<b>677</b>	1,472	<b>72,379</b>	68,645
Non-current assets	<b>125,421</b>	126,579	<b>32,327</b>	34,006	<b>4,335</b>	4,171	<b>162,083</b>	164,756
Current liabilities	<b>55,522</b>	50,968	<b>5,948</b>	5,958	<b>352</b>	1,211	<b>61,822</b>	58,137
Non-current liabilities	<b>27,632</b>	37,308	<b>2,313</b>	3,814	<b>486</b>	476	<b>30,431</b>	41,598

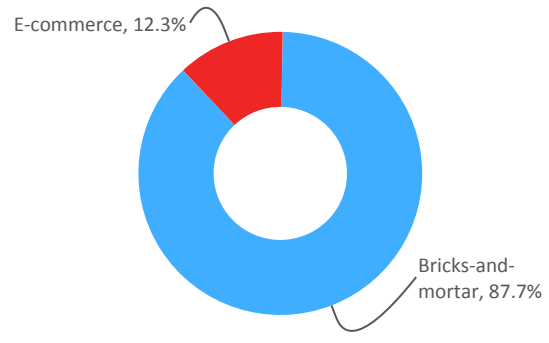
**Performance by segment:**

Segment contribution % in revenue  
(Three months ended April 30, 2024)



■ Bricks-and-mortar ■ E-commerce

Segment contribution % in revenue  
(Three months ended April 30, 2023)



■ Bricks-and-mortar ■ E-commerce

Revenue by product (\$, million)  
(Three months ended April 30, 2024 and 2023)



■ Cannabis and CBD products  
■ Consumption accessories  
■ Data analytics, advertising and other revenue

Revenue by product (\$, million)  
(Six months ended April 30, 2024 and 2023)



■ Cannabis and CBD products  
■ Consumption accessories  
■ Data analytics, advertising and other revenue



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#### Bricks-and-mortar performance

	Three months ended April 30			Six months ended April 30		
	2024	2023	Change	2024	2023	Change
	\$	\$	Δ	\$	\$	Δ
Cannabis and CBD products	103,852	94,695	10 %	207,557	185,550	12 %
Consumption accessories	2,301	2,273	1 %	6,699	4,492	49 %
Data analytics, advertising and other revenue	8,977	6,638	35 %	16,575	13,326	24 %
<b>Total revenue</b>	<b>115,130</b>	<b>103,606</b>	<b>11 %</b>	<b>230,831</b>	<b>203,368</b>	<b>14 %</b>
Cost of goods sold	84,896	79,375	7 %	169,686	155,729	9 %
Gross profit	30,234	24,231	25 %	61,145	47,639	28 %
Gross profit margin	26 %	23 %	3 %	26 %	26 %	1 %
Operating expenses	28,517	26,942	6 %	56,473	54,217	4 %
<b>Income (loss) from operations</b>	<b>1,717</b>	<b>(2,711)</b>	<b>163 %</b>	<b>4,672</b>	<b>(6,578)</b>	<b>171 %</b>
Depreciation and amortization	6,616	6,733	(2)%	12,603	13,795	(9)%
Share-based compensation	512	1,318	(61)%	1,230	2,552	(52)%
<b>Adjusted EBITDA</b>	<b>8,845</b>	<b>5,340</b>	<b>66 %</b>	<b>18,505</b>	<b>9,769</b>	<b>89 %</b>

For the three and six months ended, April 30, 2024, the Company's bricks-and-mortar segment demonstrated significant sales growth with an increased revenue by 11% and 14% to \$115,130 and \$230,831 as compared to the three and six months ended April 30, 2023 (\$103,606 and \$203,368 respectively).

The revenue growth is primarily attributable to continued same-store sales growth, new stores build outs, from 153 in the second quarter of 2023 to 168 during the second quarter of 2024. As of three months ended April 30, 2024, 168 stores were operational, and same store sales increased by 4% and 6% as compared to the same period 2023.

For the three and six months ended April 30, 2024 the Company recognized \$8,977 and \$16,575 respectively, in revenue generated from its proprietary data analytics service named 'Cabalytics Business Data and Insights Platform' and other revenues which are 35% and 24% higher than the same periods of 2023 \$6,638 and \$13,326 respectively. The Cabalytics Business Data and Insights Platform provides subscribers with a monthly report of anonymized consumer purchase data, in order to assist them with forecasting and planning their future product decisions and implementing appropriate marketing initiatives.



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**E-commerce segment performance**

	Three months ended April 30			Six months ended April 30		
	2024	2023	Change	2024	2023	Change
	\$	\$	Δ	\$	\$	Δ
Cannabis and CBD products	4,107	5,477	(25)%	9,310	12,164	(24)%
Consumption accessories	5,022	9,019	(44)%	12,002	20,628	(42)%
Data analytics, advertising and other revenue	—	34	(100)%	184	52	254 %
<b>Total revenue</b>	<b>9,129</b>	<b>14,530</b>	<b>(37)%</b>	<b>21,496</b>	<b>32,844</b>	<b>(35)%</b>
Cost of goods sold	4,064	7,192	(44)%	11,348	16,732	(32)%
Gross profit	5,065	7,338	(31)%	10,148	16,112	(37)%
Gross profit margin	55 %	51 %	5 %	47 %	49 %	(2)%
Operating expenses	4,795	7,269	(34)%	10,041	16,097	(38)%
<b>Income from operations</b>	<b>270</b>	<b>69</b>	<b>(291)%</b>	<b>107</b>	<b>15</b>	<b>(613)%</b>
Depreciation and amortization	889	966	(8)%	1,750	1,890	(7)%
Share-based compensation	37	214	(83)%	114	416	(73)%
<b>Adjusted EBITDA</b>	<b>1,196</b>	<b>1,249</b>	<b>(4)%</b>	<b>1,971</b>	<b>2,321</b>	<b>(15)%</b>

Revenues in the Company's E-commerce segment decreased by 37% to \$9,129 and 35% to \$21,496 for the three and six months ended April 30, 2024, respectively (three and six months ended April 30, 2023: \$14,530 and \$32,844). The decrease in revenue is a change in consumers preferences to purchase products in store rather than online which the Company has experienced since the release of COVID-19 restrictions, as well as general softness across the CBD industry globally.

For the period ended April 30, 2024, management of the company has engaged in an internal project to refine the E-commerce operations of the Company with a focus on revenue growth while maintaining strong profit margins. Despite having reduction in the revenue for the current quarter the Company has managed operating expenses allowing them to maintain a strong Adjusted EBITDA of \$1,196 in the current quarter.



## High Tide Inc.

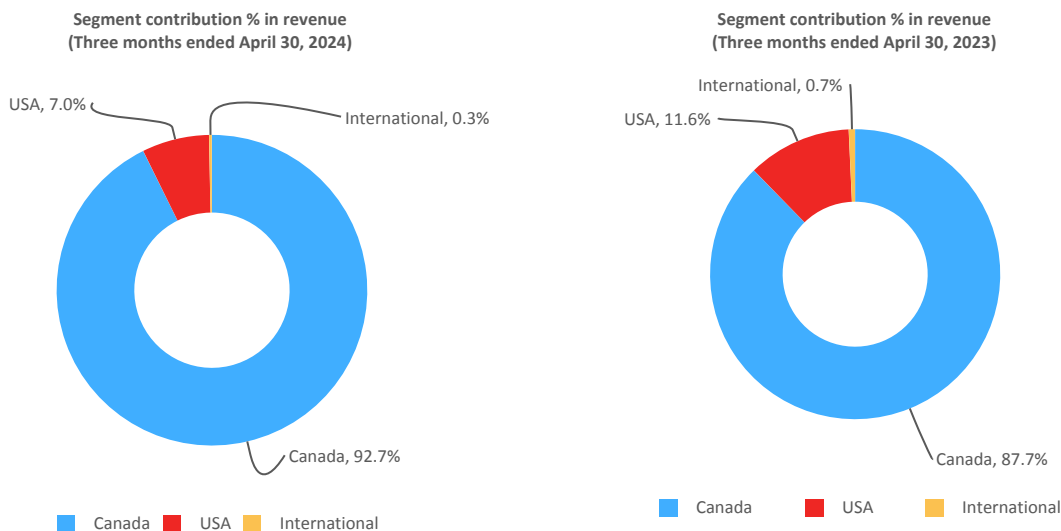
### Management's Discussion and Analysis

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## Performance by geographical market:

### Geographical markets



Geographical markets represent revenue based on the geographical locations of the customers who have contributed to the revenue. The following is a representation of these geographical markets. The Company's geographic segments are characterized as follows:

**Canada:** Within Canada, the Company operates 168 (as of April 30, 2024) of its branded retail cannabis stores under the Canna Cabana brand, in addition to its Canadian warehouse operations which primarily service their retail locations.

**USA:** Within the USA the Company operates its e-commerce platforms including Smoke Cartel, Grasscity, Daily High Club, DankStop, NuLeaf Naturals and FABCBD, as well as USA sales on the international e-commerce platforms. In addition, the Company operates a warehouse which primarily service their e-commerce operations.

**International:** Within the International markets the Company operates its e-commerce platform Blessed CBD, as well as international sales on the aforementioned e-commerce platforms.



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The following presents information related to the Company's geographical market.

For the three months ended April 30, 2024 and 2023	Canada	Canada	USA	USA	International	International	Total	Total
	2024	2023	2024	2023	2024	2023	2024	2023
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue	115,130	103,606	8,716	13,661	413	869	124,259	118,136
Cost of goods sold	84,898	78,763	3,920	7,291	142	513	88,960	86,567
Gross profit	30,232	24,843	4,796	6,370	271	356	35,299	31,569
Gross profit margin	26%	24%	55%	47%	66%	41%	28%	27%
Operating expenses	28,947	27,631	4,656	6,305	(291)	275	33,312	34,211
<b>Income (loss) from operations</b>	<b>1,285</b>	<b>(2,788)</b>	<b>140</b>	<b>65</b>	<b>562</b>	<b>81</b>	<b>1,987</b>	<b>(2,642)</b>
Depreciation and amortization	6,650	6,775	852	921	3	3	7,505	7,699
Share-based compensation	549	1,532	-	-	-	-	549	1,532
<b>Adjusted EBITDA</b>	<b>8,484</b>	<b>5,519</b>	<b>992</b>	<b>986</b>	<b>565</b>	<b>84</b>	<b>10,041</b>	<b>6,589</b>

For the six months ended April 30, 2024 and 2023	Canada	Canada	USA	USA	International	International	Total	Total
	2024	2023	2024	2023	2024	2023	2024	2023
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue	230,831	203,368	20,531	30,734	965	2,110	252,327	236,212
Cost of goods sold	169,683	155,117	10,984	16,154	367	1,190	181,034	172,461
Gross profit	61,148	48,251	9,547	14,580	598	920	71,293	63,751
Gross profit margin	26%	24%	47%	47%	62%	44%	28%	27%
Operating expenses	57,378	55,970	9,261	13,871	(125)	473	66,514	70,314
<b>Income (loss) from operations</b>	<b>3,770</b>	<b>(7,719)</b>	<b>286</b>	<b>709</b>	<b>723</b>	<b>447</b>	<b>4,779</b>	<b>(6,563)</b>
Depreciation and amortization	12,628	13,840	1,718	1,839	7	6	14,353	15,685
Share-based compensation	1,344	2,968	-	-	-	-	1,344	2,968
<b>Adjusted EBITDA</b>	<b>17,742</b>	<b>9,089</b>	<b>2,004</b>	<b>2,548</b>	<b>730</b>	<b>453</b>	<b>20,476</b>	<b>12,090</b>

The Company continues to operate primarily in Canada with a focus on increasing the footprint across the Canadian provinces. During the six months ended April 30, 2024, the Company expanded their footprint in Canada by opening of 11 stores. As a result of the expansion and growth of same-store sales, revenues for the Canadian operations increased by 14% for the six months ended April 30, 2024.

During the first quarter of 2024, the Company has seen a decrease in revenue from the USA and international operations by 33% which is being driven by the high inflation being experienced within the US, and overall weakness in the CBD sector globally. The Company continues to monitor the performance of its e-commerce platforms and is working on various initiatives to strengthen its performance during the year 2024.

Within the international CBD and accessories space, the Company has seen the entrance of many new competitors, in addition to an overall softening in the CBD sector which has impacted revenue growth leading to the decline in revenue by 54% for the six months ended April 30, 2024 compared to the six months ended April 30, 2023. The Company noted that operating expenses for the three months ended April 30, 2024 ended in a credit balance due to an expense recovery which was recognized in the period.

Under the revised segments, Canadian operations closely aligns with the bricks-and-mortar segment and US and international operations closely aligns with the e-commerce segments. Differences between the geographic regions and the segments is related to corporate overhead allocation which is incurred in Canada and allocated to each segment proportionally based on a percentage of revenues generated by each segment.



# High Tide Inc.

## Management's Discussion and Analysis

For the three and six months ended April 30, 2024 and 2023

HIGHTIDE

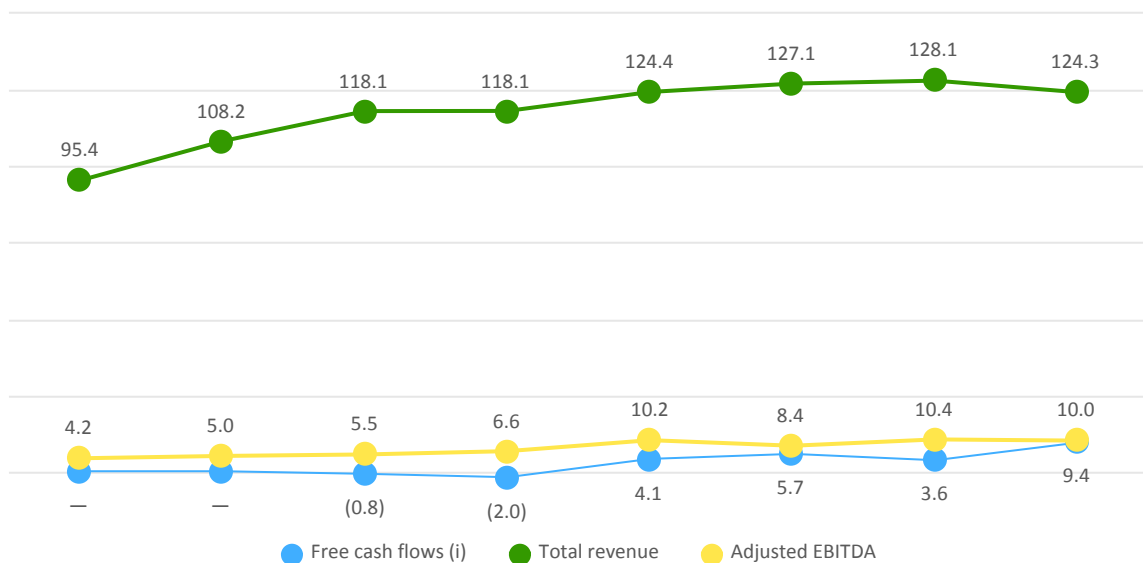
(In thousands of Canadian dollars, except share and per share amounts or otherwise stated)

### Summary of quarterly results:

	2024		2023				2022	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Free cash flow <sup>(i)</sup>	9,383	3,608	5,687	4,051	(1,951)	(847)	—	—
Cash and cash equivalents	34,540	28,685	30,121	25,697	22,487	23,696	25,084	18,321
Cannabis and CBD products	107,959	108,908	111,846	106,952	100,172	97,542	90,711	79,140
Consumption accessories	7,323	11,378	7,899	10,724	11,292	13,828	11,047	10,368
Data analytics, advertising and other revenue	8,977	7,782	7,360	6,676	6,672	6,706	6,491	5,846
<b>Total revenue</b>	<b>124,259</b>	<b>128,068</b>	<b>127,105</b>	<b>124,352</b>	<b>118,136</b>	<b>118,076</b>	<b>108,249</b>	<b>95,354</b>
Adjusted EBITDA <sup>(ii)</sup>	10,041	10,435	8,362	10,184	6,590	5,500	5,017	4,246
Adjusted EBITDA margin	8%	8%	7%	8%	6%	5%	5%	4%
Income (loss) from operations	1,987	2,792	(34,204)	(662)	(2,642)	(3,922)	(54,005)	(4,670)
Net income (loss)	171	(5)	(31,805)	(3,717)	(1,568)	(3,862)	(52,502)	(2,717)
Basic and diluted loss per share	(0.00)	(0.00)	(0.39)	(0.04)	(0.02)	(0.05)	(0.85)	(0.04)

- (i) Free cash flow for fiscal 2022 (Q4 and Q3) are not presented as during this time the company did not track sustaining vs growth capital expenditures. A reconciliation of free cash flow can be found under "Free Cash Flow" under "Select Financial Highlights and Operating Performance" section in this MD&A.
- (ii) Adjusted EBITDA is a not a recognized measure under IFRS, and accordingly, the Company's use of such term may not be comparable to similarly defined measures presented by other entities. A reconciliation of the Adjusted EBITDA to Net (Loss) income is found under "EBITDA and Adjusted EBITDA of "Select Financial Highlights and Operating Performance" section in this MD&A.

Quarterly trend overview (\$,million)



#### Key highlights include:

- Year-over-year revenue growth 5%,
- Year-over-year Adjusted EBITDA growth 52%, and
- Year-over-year Free cash flow growth 581%



## High Tide Inc.

### Management's Discussion and Analysis

For the three and six months ended April 30, 2024 and 2023

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

## Financial position, liquidity and capital resources:

### Assets

As of April 30, 2024, the Company had a cash balance of \$34,540 (October 31, 2023: \$30,121).

Working capital including cash as of April 30, 2024, was a surplus of \$10,557 (October 31, 2023: surplus \$10,508). Working capital is a non-IFRS measure and is calculated as the difference between total current assets and total current liabilities. The change is mainly due to decrease in accounts payables, the settlement of convertible debentures and moving the Notes payable, with a maturity of December 31, 2024, from non-current liabilities to current liabilities. These transactions provide the Company enough liquidity for its working capital needs.

Total assets of the Company were \$234,462 on April 30, 2024, compared to \$233,401 on October 31, 2023.

### Liabilities

Total liabilities decreased to \$92,253 as at April 30, 2024, as compared to \$99,735 as of October 31, 2023, primarily due to a decrease in long-term debt, accounts payable and accrued liabilities.

### Summary of Outstanding Share Data

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

Securities <sup>(i)</sup>	Units Outstanding <sup>(ii)</sup>
Common shares	80,445,707
Warrants	4,928,160
Stock options	3,062,162
RSUs	783,823

(i) Refer to the Condensed Interim Consolidated Financial Statements for a detailed description of these securities.

(ii) Securities outstanding are shown on post-consolidation basis. In connection with listing on the Nasdaq, on May 14, 2021, the Company underwent a 15:1 consolidation. As of April 30, 2024, 21,207,726 warrants with a 15:1 exercise right were outstanding.

### Cash Flows

During the six months ended April 30, 2024, the Company's cash and cash equivalents increased to \$34,540.

Total cash provided by operating activities was \$19,681 for the six months ended April 30, 2024. The increase in operating cash inflows is primarily driven by the continued increase in same-store sales, increase in revenue due to the Company's bricks-and-mortar segment's shift in the retail pricing strategy, the building of new stores in the period, and gross margin improvements within the bricks-and-mortar locations.

Cash used in investing activities for the six months ended April 30, 2024 was \$4,331 due to the opening of 11 new stores during the period.

Cash used in financing activities for the six months ended April 30, 2024 was \$10,133 which is mainly related to the settlement of convertible debentures and payments of leases.

### Liquidity

On August 15, 2022, the Company entered into a \$19,000 demand term loan with connectFirst Credit Union (the "Credit Facility") with the first tranche, \$12,100, available in a single advance, and the second tranche, \$6,900, available in multiple draws subject to certain pre-disbursement conditions. The demand loan bears interest at connectFirst's prime lending rate plus 2.50% per annum and matures on September 5, 2027.

The first tranche is repaid in monthly blended payments of principal and interest of \$241. Blended payments may be adjusted from time to time, if necessary, based on connectFirst's prime lending rate, the principal outstanding, and amortization period remaining. On October 7, 2022, the Company received the inflow of funds for the first tranche.



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## High Tide Inc.

### Management's Discussion and Analysis

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The second tranche is repaid in monthly blended payments of principal and interest of \$147. Blended payments may be adjusted from time to time, if necessary, based on connectFirst's prime lending rate, the principal outstanding and amortization period remaining. On October 25, 2022, the Company received the inflow of funds for the second tranche.

#### Capital Management

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

- (i) Explore profitable growth opportunities;
- (ii) Deploy capital to provide an appropriate return on investment for shareholders;
- (iii) Maintain financial flexibility to preserve the ability to meet financial obligations; and
- (iv) Maintain a capital structure that provides financial flexibility to executed on strategic opportunities.

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

#### Off Balance Sheet Transactions

The Company does not have any financial arrangements that are excluded from the Condensed Interim Consolidated Financial Statements as of April 30, 2024, nor are any such arrangements outstanding as of the date of this MD&A.

#### Transactions between related parties:

As at April 30, 2024, 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.

##### Operational transactions

An office and warehouse unit has been developed by Grover Properties Inc., a company that is related through a common controlling shareholder and the President & CEO of the Company. The office and warehouse space were leased to High Tide to accommodate the Company's operational expansion. The lease was established by an independent real estate valuations services company at prevailing market rates and has annual lease payments totaling \$386 per annum. The primary lease term is 5 years with two additional 5-year term extensions exercisable at the option of the Company.

##### Financing transactions

On August 15, 2022, the Company entered into a \$19,000 demand term loan with Connect First credit union (the "Credit Facility") with Tranche 1 - \$12,100 available in a single advance, and Tranche 2 - \$6,900 available in multiple draws subject to pre-disbursement conditions set. To facilitate the credit facility, the president and CEO of the Company provided limited Recourse Guarantee against \$5,000 worth of High Tide Inc. shares held by the CEO, and affiliates, to be pledged in favor of the Credit Union until the earlier of:

- (i) 12 months following initial funding, provided all covenants of High Tide Inc. are in good standing; and
- (ii) The CEO no longer being an officer of High Tide Inc.

The parties agree that this personal guarantee will only be available after all collection efforts against High Tide Inc. have been exhausted, including the sale of High Tide Inc.



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## High Tide Inc.

### Management's Discussion and Analysis

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## Financial instruments:

The Company's activities expose it to a variety of financial risks. The Company is exposed to credit, liquidity, interest and market risk due to holding certain financial instruments. This note presents information about changes to the Company's exposure to each of these risks, its objectives, policies, and processes for measuring and managing risk, and its management of capital during the year. Further quantitative disclosure is included throughout these condensed interim consolidated financial statements. 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.

### Fair value

The Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets and liabilities
- Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The Company assessed that the fair values of cash and cash equivalents, trade and other receivable, accounts payable and accrued liabilities, and current liabilities approximate their carrying amounts largely due to the short-term nature of these instruments.

The following methods and assumptions were used to estimate the fair value:

- Marketable securities are determined based on level 1 inputs, as the prices for the marketable securities are quoted in public exchanges.
- The Convertible debentures are evaluated by the Company based on level 2 inputs such as the effective interest rate and the market rates of comparable securities. The convertible debentures are initially recorded at fair value and subsequently measured at amortized cost and at each reporting period accretion incurred in the period is recorded to transaction costs in the consolidated statement of loss and comprehensive loss.

### 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. The maximum exposure to credit risk is equal to the carrying value (net of allowances) of the financial assets. The objective of managing credit risk is to prevent losses on financial assets. The Company assesses the credit quality of counterparties, considering their financial position, past experience, and other factors. Cash and cash equivalents consist of bank balances. Credit risk associated with cash is minimized substantially by ensuring that these financial assets are held in highly rated financial institutions. The Company holds all cash and cash equivalents with large commercial banks or credit unions, which minimizes credit risk. The following table sets forth details of the aging profile of accounts receivable and the allowance for expected credit loss.

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



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### Management's Discussion and Analysis

For the three and six months ended April 30, 2024 and 2023

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

As at	April 30, 2024	October 31, 2023
	\$	\$
Current (for less than 30 days)	2,574	2,449
31 – 60 days	124	1,234
61 – 90 days	114	934
Greater than 90 days	1,349	3,390
Less allowance	(218)	(536)
	<b>3,943</b>	<b>7,471</b>

Accounts receivable consist primarily of accounts receivable from invoicing for products and services rendered. The Company's credit risk arises from the possibility that a customer which owes the Company money is unable or unwilling to meet its obligations in accordance with the terms and conditions in the contracts with the Company, which would result in a financial loss for the Company. This risk is mitigated through established credit management techniques, including monitoring customer's creditworthiness, setting exposure limits and monitoring exposure against these customer credit limits.

For the six months ended April 30, 2024, nil (six months ended April 30, 2023: \$120 and \$500) in trade receivables were written off against the loss allowance due to bad debts and \$773 (2023 - nil) was written off directly to bad debts. Individual receivables which are known to be uncollectible are written off by reducing the carrying amount directly. The remaining accounts receivable are evaluated by the Company based on parameters such as interest rates, specific country risk factors, and individual creditworthiness of the customer. Based on this evaluation, allowances are taken into account for the estimated losses of these receivables.

The Company performs a regular assessment of collectability of accounts receivables. In determining the expected credit loss amount, the Company considers the customer's financial position, payment history and economic conditions.

#### Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. The Company generally relies on funds generated from operations, equity and debt financing 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. The Company's ability to manage its liquidity risk going forward will require some or all of the following: the ability to generate positive cash flows from operations and to secure capital or credit facilities on reasonable terms.

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

	Contractual Cash Flows	Less than one year	1-3 years	4-5 years	Greater than 5 years
	\$	\$	\$	\$	\$
Accounts payable and accrued liabilities	21,193	21,193	-	-	-
Notes payable	14,584	14,223	282	-	79
Interest bearing loans and borrowings	14,565	14,565	-	-	-
Put option liability	1,130	1,130	-	-	-
Convertible debentures	890	890	-	-	-
Undiscounted lease obligations	43,210	5,483	18,283	12,883	6,561
<b>Balance, April 30, 2024</b>	<b>95,572</b>	<b>57,484</b>	<b>18,565</b>	<b>12,883</b>	<b>6,640</b>

#### Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in the market interest rate related primarily to the Company's current credit facility with variable interest rates.

At April 30, 2024, approximately 48% of the Company's borrowings are at a fixed rate of interest (2023: 45%).



## High Tide Inc.

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

Assuming all other variables remain constant, a fluctuation of +/- 1.0 percent in the interest rate would impact the interest payment by approximately +/- \$146.

#### Foreign currency risk

Foreign currency risk is defined as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company maintains cash balances and enters into transactions denominated in foreign currencies, which exposes the Company to fluctuating balances and cash flows due to variations in foreign exchange rates. The Canadian dollar equivalent carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities as at April 30, 2024 was as follows:

As at April 30, 2024 (Canadian dollar equivalent amounts of GBP, EUR, USD)	2024 (GBP)	2024 (EUR)	2024 (USD)	2024 Total	2023 Total
	\$	\$	\$	\$	\$
Cash	401	550	2,848	3,799	4,119
Accounts receivable	115	225	770	1,110	984
Accounts payable and accrued liabilities	(145)	(892)	(4,267)	(5,304)	(5,866)
Net monetary assets	371	(117)	(649)	(395)	(763)

Assuming all other variables remain constant, a fluctuation of +/- 5.0 percent in the exchange rate between USD and the Canadian dollar would impact the carrying value of the net monetary assets by approximately +/- \$32 (October 31, 2023 - \$55). Maintaining constant variables, a fluctuation of +/- 5.0 percent in the exchange rate between the EUR and the Canadian dollar would impact the carrying value of the net monetary assets by approximately +/- \$6 (October 31, 2023 - \$15), and a fluctuation of +/- 5.0 percent in the exchange rate between GBP and the Canadian dollar would impact the carrying value of the net monetary assets by approximately +/- \$19 (October 31, 2023 - \$32). To date, the Company has not entered into financial derivative contracts to manage exposure to fluctuations in foreign exchange rates.

#### Disclosure controls and procedures and internal controls over financial reporting:

The Chief Executive Officer and Chief Financial Officer of the Company have designed or caused to be designed under their supervision, disclosure controls and procedures which provide reasonable assurance that material information regarding the Company is accumulated and communicated to Management, including its Chief Executive Officer and Chief Financial Officer, in a timely manner. Under the supervision and with the participation of Management, including our Chief Executive Officer and Chief Financial Officer, we carried out an evaluation of the effectiveness of our disclosure controls and procedures (as defined in Canada by NI 52-109 and in the United States by the rules adopted by the SEC). In addition, the Chief Executive Officer and Chief Financial Officer 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. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that the design and operation of our disclosure controls and procedures were ineffective due to the material weakness identified in our internal control over financial reporting, as further described below.

Due to its inherent limitations, internal control over financial reporting may not prevent or detect misstatements on a 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.

Management assessed the effectiveness of the Company's internal control over financial reporting as of April 30, 2024, based on the criteria set forth in Internal Control – Integrated Framework (2013 Framework) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on that assessment, Management has concluded that our internal control over financial reporting was not effective as of April 30, 2024, due to material weaknesses in our internal control over financial reporting. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis. Management identified the following internal control deficiencies that constitute material weaknesses in the Company's ICFR as of April 30, 2024.



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## High Tide Inc.

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

Due to the significant and rapid growth experienced in the fiscal year ended October 31, 2022, the Company did not effectively design, implement, and operate effective process-level control activities related to various processes or engage an adequate number of accounting personnel with the appropriate technical training in, and experience with IFRS to allow for a detailed review of significant and non-routine accounting transactions that would identify errors in a timely manner, including business combinations, impairment testing and financing arrangements. For the six months ended April 30, 2024, the Company attempted to remediate this weakness by investing in qualified finance professionals with adequate experience to support in designing and implementing a control environment that can identify and prevent material misstatements in a timely manner. As of April 30, 2024, the material weakness continues to exist. While the Company has made strides in improving the controls surrounding financial reporting of significant and non-routine transactions, it has not had sufficient time to properly assess the design and implementation and test the operating effectiveness of the controls necessary to remediate the material weakness.

In addition, as previously disclosed in its Management's discussion and analysis for the fourth quarter of fiscal 2021, the internal controls over accounting for income taxes, including the income tax provision, deferred tax assets and liabilities and related disclosures were not effective. The Company identified a material weakness in the accounting for income taxes, including the income tax provision, deferred tax liabilities and related disclosures. Specifically, the Company did not design effective internal controls over income taxes which resulted in adjustments to the income tax provision and deferred tax assets and liabilities in the audited consolidated financial statements of the Company for the year then ended. Through fiscal 2023 and fiscal quarter of 2024, the Company has taken action to remediate the material weakness. Progress to date includes engagement of a third-party experienced tax accounting resource, as well as the strengthening of internal tax personnel with the skills, training, and knowledge to assist in the review of more technical tax matters and to assist in preparing the income tax provision, deferred tax liabilities and related disclosures for each period. As of April 30, 2024, the material weakness continues to exist. While the Company has made strides in improving the controls surrounding the income tax provision and the deferred tax assets and liabilities process, it has not had time to properly assess the design and implementation and test the operating effectiveness of the controls necessary to remediate the material weakness.

### Cautionary note regarding forward-looking information:

Certain statements contained in this MD&A, and in the documents incorporated by reference in this MD&A, constitute "forward-looking information" and "forward-looking statements" (together "forward-looking statements") within the meaning of Applicable Securities Laws and are based on assumptions, expectations, estimates and projections as at the date of this MD&A. Forward-looking statements relate to future events or future performance and reflect Management's expectations or beliefs regarding future events. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved" or the negative of these terms or comparable terminology.

Forward-looking statements in this MD&A herein include, but are not limited to, statements with respect to:

- the Business objectives and milestones and the anticipated timing of, and costs in connection with, the execution or achievement of such objectives and milestones (including, without limitation proposed acquisitions);
- the Company's future growth prospects and intentions to pursue one or more viable Business opportunities;
- the development of the Business and future activities following the date of this MD&A;
- expectations relating to market size and anticipated growth in the jurisdictions within which the Company may from time to time operate or contemplate future operations;
- expectations with respect to economic, Business, regulatory, or competitive factors related to the Company or the cannabis industry generally;
- the impact of COVID-19 on the Company's current and future operations
- the market for the Company's current and proposed product offerings, as well as the Company's ability to capture market share;
- the Company's strategic investments and capital expenditures, and related benefits;
- the distribution methods expected to be used by the Company to deliver its product offerings;
- same-store sales and consolidated gross margins continuing to increase;
- the competitive landscape within which the Company operates and the Company's market share or reach;
- the performance of Business operations and activities of the Company;



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- the number of additional cannabis retail store locations the Company proposes to add to its Business, with Ontario representing the lion's share of the increase;
- the Company's ability to obtain, maintain, and renew or extend, applicable Authorizations, including the timing and impact of the receipt thereof;
- the realization of cost savings, synergies or benefits from the Company's recent and proposed acquisitions, and the Company's ability to successfully integrate the operations of any business acquired within the Business;
- the Company's intention to devote resources to the protection of its intellectual property rights, including by seeking and obtaining registered protections and developing and implementing standard operating procedures;
- the anticipated sales from continuing operations;
- the intention of the Company to complete the 2023 ATM Program and any additional offering of securities of the Company and the aggregate amount of the total proceeds that the Company will receive pursuant to the 2023 ATM Program, connectFirst Credit Facility, or any future offering;
- the Company's expected use of the net proceeds from the 2023 ATM Program, connectFirst Credit Facility, or any future offering;
- the anticipated effects of the 2023 ATM Program and connectFirst Credit Facility and/or any future offering on the Business and operations of the Company;
- the listing of Common Shares offered in the 2023 ATM Program and/or any future offering;
- the Company deploying Fastendr™ technology across the Company's retail stores upon the timelines disclosed herein;
- the Company's ability to generate cash flow from operations and from financing activities and remain free cash flow positive for the remainder of 2024;
- future initiatives to strengthen the performance of our e-commerce platforms during 2024;
- the Company continuing to increase its revenue;
- the Company continuing to integrate and expand its CBD brands;
- Cabana Club and Cabana ELITE loyalty programs membership continuing to increase;
- the Company continuing to increase its ELITE product offerings;
- the Company hitting its forecasted revenue and sales projections;
- 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; and
- the future liquidity and financial capacity of the Company; and its ability to fund its working capital requirements and forecasted capital expenditures.

Forward-looking statements are subject to certain risks and uncertainties. Although Management believes that the expectations reflected in these forward-looking statements are reasonable in light of, among other things, its perception of trends, current conditions and expected developments, as well as other factors that Management believes to be relevant and reasonable in the circumstances at the date that such statements are made, readers are cautioned not to place undue reliance on forward-looking statements, as forward-looking statements may prove to be incorrect. A number of factors could cause actual results to differ materially from a conclusion, forecast or projection contained in the forward-looking statements. Importantly, forward-looking statements contained in this MD&A and in documents incorporated by reference are based upon certain assumptions that Management believes to be reasonable based on the information currently available to Management.

By their very nature forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Although Management believes that the expectations reflected in, and assumptions underlying, such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to have been correct. New factors emerge from time to time, and it is not possible for Management to predict all of those factors or to assess in advance the impact of each such factor on the Business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement.



HIGHTIDE

## High Tide Inc.

### Management's Discussion and Analysis

For the three and six months ended April 30, 2024 and 2023

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

Readers are cautioned that the foregoing is 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 that 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.

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

Additional risk factors that can cause results to differ materially from those expressed in forward-looking statements in this MD&A are discussed in greater detail in the "Non-Exhaustive List of Risk Factors" section in Schedule A to our current annual information form, and elsewhere in this MD&A, as such factors may be further updated from time to time in our periodic filings, available at [www.sedarplus.com](http://www.sedarplus.com) and [www.sec.gov](http://www.sec.gov), which risk factors are incorporated herein by reference.

#### Cautionary note regarding FOFI:

This MD&A, and documents incorporated by reference herein, may contain FOFI within the meaning of Applicable Securities Laws and analogous U.S. securities Laws, about prospective results of operations, financial position or cash flows, based on assumptions about future economic conditions and courses of action, which FOFI is not presented in the format of a historical balance sheet, income statement or cash flow statement. The FOFI has been prepared by Management to provide an outlook of the Company's activities and results and has been prepared based on a number of assumptions including the assumptions discussed under the heading "Cautionary Note Regarding Forward-Looking Information" and assumptions with respect to the costs and expenditures to be incurred by the Company, capital expenditures and operating costs, taxation rates for the Company and general and administrative expenses. Management does not have, or may not have had at the relevant date, firm commitments for all of the costs, expenditures, prices or other financial assumptions which may have been used to prepare the FOFI or assurance that such operating results will be achieved and, accordingly, the complete financial effects of all of those costs, expenditures, prices and operating results are not, or may not have been at the relevant date of the FOFI, objectively determinable.

Importantly, the FOFI contained in this MD&A, and in documents incorporated by reference herein are, or may be, based upon certain additional assumptions that Management believes to be reasonable based on the information currently available to Management, including, but not limited to, assumptions about: (i) the future pricing for the Company's products, (ii) the future market demand and trends within the jurisdictions in which the Company may from time to time conduct the Business, (iii) the Company's ongoing inventory levels, and operating cost estimates, and (iv) the Company's net proceeds from the 2023 ATM Program and connectFirst Credit Facility. The FOFI or financial outlook contained in MD&A, and in documents incorporated by reference herein do not purport to present the Company's financial condition in accordance with IFRS as issued by the International Accounting Standards Board, and there can be no assurance that the assumptions made in preparing the FOFI will prove accurate. The actual results of operations of the Company and the resulting financial results will likely vary from the amounts set forth in the analysis presented in any such document, and such variation may be material (including due to the occurrence of unforeseen events occurring subsequent to the preparation of the FOFI). The Company and Management believe that the FOFI has been prepared on a reasonable basis, reflecting Management's best estimates and judgments as at the applicable date. However, because this information is highly subjective and subject to numerous risks including the risks discussed under the heading "Risk Assessment", FOFI or financial outlook within this MD&A, and in documents incorporated by reference herein, should not be relied on as necessarily indicative of future results.

Readers are cautioned not to place undue reliance on the FOFI, or financial outlook contained in this MD&A, and in documents incorporated by reference herein. Except as required by Applicable Securities Laws, the Company does not intend, and does not assume any obligation, to update such FOFI.

#### Non-IFRS Financial Measures

Throughout this MD&A, references are made to non-IFRS financial measures, including operating expenses and loss from operation excluding impairment loss, EBITDA and Adjusted EBITDA. These measures do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers. Non-IFRS measures provide investors with a supplemental measure of the Company's operating performance and therefore highlight trends in Company's core Business



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that may not otherwise be apparent when relying solely on IFRS measures. Management uses non-IFRS measures in measuring the financial performance of the Company.

### Glossary of terms:

In this MD&A, unless otherwise indicated or if the context otherwise requires, "Adjusted EBITDA" has the meaning ascribed thereto under the heading "EBITDA and Adjusted EBITDA"; "Agents" means collectively ATB Capital Markets Inc. and ATB Capital Markets USA Inc.; "Applicable Securities Laws" means, as applicable, the securities legislation, securities regulation and securities rules, and the policies, notices, instruments and blanket orders of each Canadian securities regulator having the force of applicable law and in force from time to time; "2023 ATM Program" means the at-the-market equity offering program of the Company established pursuant to the ATM Prospectus Supplement on December 6, 2021, which allows the Company to issue up to \$40,000,000 (or the equivalent in U.S. dollars) of Common Shares from its treasury to the public from time to time, at the Company's discretion and subject to regulatory requirements; "2023 ATM Prospectus Supplement" means the prospectus supplement of the Company dated August 31, 2023 relating to the 2023 ATM Program; "Authorizations" means, collectively, all consents, licenses, registrations, permits, authorizations, permissions, orders, approvals, clearances, waivers, certificates, and declarations issued, granted, given or otherwise made available by or under the authority of any government entity or pursuant to any requirement under applicable law; "Blessed CBD" means Enigmaa Ltd., operating as 'Blessed CBD'; "Board" means the board of directors of the Company, as constituted from time to time; "Business" means the business carried on by High Tide and its subsidiaries as at the date of this MD&A, and where the context so requires, includes the business carried on by High Tide and its subsidiaries prior to the date of this MD&A; "Canadian Shelf Prospectus" means the Company's final base shelf prospectus dated August 3, 2023 filed with the securities commissions or similar regulatory authorities in each of the provinces and territories of Canada; "Cannabis" or "cannabis" means the plant *Cannabis sativa* L; "CBD" means industrial Hemp-based cannabidiol; "Common Shares" means the common shares in the capital of the Company; "connectFirst" means Connect First Credit Union Ltd.; "ConnectFirst Credit Facility" has the meaning ascribed thereto under the heading "connectFirst Credit Facility"; "COVID-19" means the Coronavirus disease 2019, an infectious disease caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2); "DankStop" means DS Distribution Inc., operating as 'Dankstop.com'; "Daily High Club" or "DHC" means DHC Supply LLC.; "EBITDA" means earnings before interest, taxes, depreciation and amortization; "Equity Distribution Agreement" means the equity distribution agreement dated August 31, 2023 entered into among the Company and Agents associated with the 2023 ATM Program; "FABCBD" means Fab Nutrition, LLC.; "FOFI" means future oriented financial information; "GBP" means British pound sterling; "Grasscity" means collectively, SJV B.V. and SJV2 B.V.; "IAS" means International Accounting Standards; "IFRS Committee" means IFRS Interpretations Committee; "Key Personnel" means collectively Management and certain consultants; "Lender" means ATB Financial; "Person" includes any individual, partnership, association, body corporate, organization, trust, estate, trustee, executor, administrator, legal representative or government (including any governmental entity), syndicate or other entity, whether or not having legal status; "M&A" means mergers and acquisitions; "Management" means the management of the Company, as constituted from time to time; "Material Adverse Effect" means a material adverse effect on the Business carried on by the Company and its subsidiaries as at the date of this MD&A, the properties, assets, liabilities (including contingent liabilities), results of operations, financial performance, financial condition, or the market and trading price of the securities, of the Company and its subsidiaries, taken as a whole; "Meta Growth" means Meta Growth Corp., a wholly owned subsidiary of the Company; "NI 52-109" means National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings; "SEC" means the U.S. Securities and Exchanges Commission; "SPPI" means solely payment of principal and interest; "NuLeaf Naturals" means NuLeaf Naturals, LLC; "Registration Statement" means the Company's registration statement on Form F-10 in connection with the Company becoming a registrant effective June 2, 2021 with the SEC upon the Company's Form 40-F registration statement becoming effective; "RSU" means restricted share units of the Company granted pursuant to the Omnibus Plan; "SKU" means stock keeping unit; "Smoke Cartel" means Smoke Cartel Inc.; "U.K." means the United Kingdom; "U.S." means United States of America; "U.S. Base Prospectus" means the Company's U.S. base prospectus dated August 3, 2023 included in the Registration; "U.S. Prospectus Supplements" means the prospectus supplement dated August 31, 2023 to the U.S. Base Prospectus; "USD" United States dollars; and "Warrants" means the Common Share purchase warrants of the Company.



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High Tide is a high-impact, retail-forward enterprise built to deliver real-world value across every component of cannabis. The Company's shares are listed on the Nasdaq Capital Market ("Nasdaq") under the ticker symbol "HITI" as of June 2, 2021, the TSX Venture Exchange ("TSXV") under the symbol "HITI", and the Frankfurt Stock Exchange under the securities identification code 'WKN: A2PBPS' and the ticker symbol "2LYA". The address of the Company's corporate and registered office is # 112, 11127 15 Street NE, Calgary, Alberta, T3K 2M4.



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