

High Tide Inc.
(the “Company or “Issuer”)

FORM 2A

LISTING STATEMENT

The table below represents the Canadian Securities Exchange requirements and the corresponding prospectus page from High Tide Inc.’s final long form prospectus dated November 20, 2015 (the “Final Prospectus”) filed on SEDAR (www.sedar.com), attached as Schedule “A”.

CSE Listing Application Item	High Tide Prospectus Item	Page Number
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¹ The Company’s securities are not listed, posted for trading or quoted on any exchanges.

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	Interim MD&A for the three and nine months ended July 31, 2018	Prospectus Schedule "D"
	Audit Committee Charter	Prospectus Schedule "E"
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	Nominating and Corporate Governance Committee Charter	Prospectus Schedule "G"

Schedule "A" – Final Prospectus

Schedule "B" – Form 2A, Capitalization

CERTIFICATE OF THE ISSUER

Pursuant to a resolution duly passed by its Board of Directors, High Tide Inc., hereby applies for the listing of the above mentioned securities on the Exchange. The foregoing contains full, true and plain disclosure of all material information relating to High Tide Inc. It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at Calgary, Alberta this 5th day of December, 2018.

signed "Harkirat (Raj) Grover"

Harkirat Singh ("Raj") Grover

Promoter, President, Chief Executive
Officer and Director

signed "Matthew Dexter"

Matthew Dexter

Chief Financial Officer

signed "Arthur Kwan"

Arthur Kwan

Director

signed "Nitin Kaushal"

Nitin Kaushal

Director

Signature Page to CSE Form 2A – Listing Statement

FORM 2A – LISTING STATEMENT

January 2015

Schedule “A” – Final Prospectus

This prospectus constitutes a public offering of the securities only in those jurisdictions where they may be lawfully offered for sale and, in such jurisdictions, only by persons permitted to sell such securities. No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

The securities offered hereby have not been and will not be registered under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”), or any state securities laws, and except pursuant to an exemption from registration under the U.S. Securities Act and applicable state securities laws, may not be offered or sold, directly or indirectly, within the United States or to, or for the account or benefit of, a U.S. Person (as that term is defined in Regulation S under the U.S. Securities Act). This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby within the United States or to, or for the account or benefit of, any U.S. Persons.

PROSPECTUS

Non-Offering Prospectus

November 20, 2018



HIGH TIDE INC.

36,728,474 Common Shares and 18,364,236 Warrants issuable for no additional cost upon the exercise or deemed exercise of 13,307,418 Special Warrants

This prospectus (“**Prospectus**”) qualifies the distribution of 36,728,474 common shares (“**Common Shares**”) and 18,364,236 common share purchase warrants (“**Warrants**”) of High Tide Inc. (“**we**”, “**us**”, the “**Company**” or “**High Tide**”) issuable for no additional consideration upon the exercise or deemed exercise of special warrants (“**Special Warrants**”) of the Company issued on August 22, 2018 and October 2, 2018 (each, a “**Closing Date**”) at a price of \$1.38 (“**Offering Price**”) per Special Warrant to purchasers in the provinces of Alberta, British Columbia and Ontario on a private placement basis pursuant to prospectus exemptions under applicable securities legislation, and in jurisdictions outside of Canada in compliance with the laws applicable to each subscriber (the “**Offering**”). This Prospectus also qualifies for distribution 2,387,350 Common Shares and 1,193,675 Warrants issuable upon the exercise of the 864,982 warrants obtained by the Agents (as hereinafter defined) pursuant to the Offering (“**Broker Warrants**”).

On October 4, 2018, the Company completed a share split (“**Share Split**”) on the basis of 1 common share prior to the Share Split to 2.76 Common Shares. For greater clarity, all figures listed in this Prospectus are listed post-Share Split, unless indicated otherwise.

The Special Warrants were issued pursuant to the terms of a special warrant indenture made as of August 22, 2018 between the Company and AST Trust Company (Canada) (“**Special Warrant**”).

Indenture). The Special Warrants were issued through a brokered private placement offering in accordance with an agency agreement dated August 22, 2018 (the **“Agency Agreement”**) among the Company and Canaccord Genuity Corp. (the **“Lead Agent”**), Mackie Research Capital Corporation and Laurentian Bank Securities Inc. (Mackie Research Capital Corporation and Laurentian Bank Securities Inc. together with the Lead Agent, the **“Agents”**). The Offering Price and the other terms of the Offering were determined by arm’s length negotiation between the Company and the Lead Agent.

Each Special Warrant entitles the holder thereof to acquire, without additional payment, one unit (a **“Unit”**) comprised of 2.76 Common Shares and 1.38 Warrants. Each Warrant shall be exercisable to acquire one Common Share at a price of \$0.75 (the **“Exercise Price”**) for a period that is 24 months following the date on which the Common Shares are listed and posted for trading (the **“Listing Date”**) on the Canadian Securities Exchange (the **“CSE”**) subject to the Company’s Warrant Acceleration Right (as defined hereunder). The Special Warrants will be deemed to be exercised on the earlier of (i) the fifth Business Day (as hereinafter defined) after the Company is issued a passport decision document evidencing a receipt on behalf of the securities regulatory authorities in each of the provinces of Canada in which a final prospectus is filed pursuant to Multilateral Instrument 11-102 Passport System, and which qualifies the Common Shares and Warrants that are underlying the Special Warrants and Broker Warrants (**“Qualification Date”**), and (ii) at 4:59 p.m. (Toronto time) on the date that is four months and a day following the Closing Date (**“Qualification Deadline”**). Each Broker Warrant entitles the holder thereof to subscribe for and purchase a specified number of Units at a price of \$1.38 per Unit at any time prior to prior to 5:00 p.m. (Toronto time) on the date (the **“Broker Warrant Exercise Period”**) which is 24 months following the Listing Date.

In the event that the daily volume weighted average trading price (or closing bid price on days when there are no trades) of the Common Shares on the CSE is at least \$1.25 per Common Share for a minimum of 10 consecutive trading days, the Company may provide written notice to the subscriber requiring the subscriber to exercise such Warrants within 30 days following the date of delivery of such written notice (the **“Warrant Acceleration Right”**).

If the Qualification Date does not occur on or before 90 days following the Closing Date, each Special Warrant outstanding will, on exercise or deemed exercise, entitle the subscriber to acquire an additional 0.1 of a Unit without further payment on the part of the subscriber (the **“Penalty”**).

The Special Warrants are not available for purchase pursuant to this Prospectus and no additional funds are to be received by the Company from the distribution of the Units upon the exercise or deemed exercise of the Special Warrants.

	Price to Subscribers	Agents’ Commission (1)(2)(3)	Proceeds to the Company
Per Special Warrant	\$1.38	\$0.104	\$1.277
Total Offering	\$18,364,237	\$1,375,675	\$16,988,561

Notes:

- (1) The Agents have received an Agents’ Commission equal to 6.5% of the aggregate gross proceeds of the Offering for a total of \$1,193,675.
- (2) The Agents received an aggregate of 421,828 Broker Warrants on the Closing Date occurring on August 22, 2018, and an aggregate of 443,154 Broker Warrants on the Closing Date occurring on October 2, 2018.
- (3) The Agents’ Commission amount includes \$182,000 paid on the Closing Date to the Lead Agent as reimbursement for expenses and legal fees incurred pursuant to the Offering (**“Agents’ Expenses”**).

The Company is neither a “connected issuer” nor a “related issuer” of the Agents as defined in National Instrument 33-105 — Underwriting Conflicts.

Certain legal matters in connection with the Offering have been reviewed on behalf of the Company by Garfinkle Biderman LLP and on behalf of the Agents by Borden Ladner Gervais LLP.

There is no market through which these securities may be sold and purchasers may not be able to resell them. This may affect the pricing of the securities in the secondary market, the transparency and availability of trading prices, the liquidity of the securities, and the extent of issuer regulation. As at the date of this Prospectus, the Company does not have any of its securities listed or quoted on the CSE. See “RISK FACTORS”.

As at the date of this Prospectus, the Company has applied to list the Common Shares on the CSE. The CSE has not approved the listing of the Common Shares. Listing is subject to the Company fulfilling all the requirements of the CSE, including meeting all minimum listing requirements. There is no guarantee that the CSE will provide approval for the listing of the Common Shares.

An investment in these securities is highly speculative due to various factors, including the nature and stage of development of the business of the Company and the current state of the regulatory environment for the deregulation of cannabis for adult use in Canada. An investment in these securities should only be made by persons who can afford the total loss of their investment. See “RISK FACTORS”.

Prospective investors are advised to consult their own tax advisors regarding the application of Canadian federal income tax laws to their particular circumstances, as well as any other provincial, foreign and other tax consequences of acquiring, holding, or disposing of these securities, including the Canadian federal income tax consequences applicable to a foreign controlled Canadian corporation that acquires any of these securities.

This Prospectus qualifies the distribution of securities of an entity that currently may be indirectly deriving a portion of its revenues from activities ancillary to the cannabis industry in certain U.S. states, which industry is illegal under U.S. federal law. The Company may be indirectly involved (through the sale of smoking accessories which could be used for the consumption of cannabis) in both the adult-use and medical cannabis industry in all states where such industries are legally authorized, and sells its smoking accessories in all other states for non-cannabis related uses. See the section entitled “ADDITIONAL DISCLOSURE FOR U.S. OPERATIONS”.
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GLOSSARY

The following is a glossary of certain general terms used in this Prospectus, including the summary hereof. Terms and abbreviations used in the financial statements and management's discussion and analysis included in, or appended to this Prospectus are defined separately and the terms and abbreviations defined below are not used therein, except where otherwise indicated. Words importing the singular, where the context requires, include the plural and vice versa, and words importing any gender include all genders.

"ABCA" means the *Business Corporations Act* (Alberta), as amended, together with all regulations promulgated thereunder.

"Acceleration Price" has the meaning ascribed to such term on page 49 of this Prospectus.

"ACMPR" means the *Access to Cannabis for Medical Purposes Regulations*, SOR/2016-230 (Canada).

"AGCO" has the meaning ascribed to such term on page 41 of this Prospectus.

"Agency Agreement" has the meaning ascribed to such term on page 2 of this Prospectus.

"Agents' Commission" has the meaning ascribed to such term on page 2 of this Prospectus.

"Agents' Expenses" has the meaning ascribed to such term on page 2 of this Prospectus.

"Agents" has the meaning ascribed to such term on page 2 of this Prospectus.

"AGLC" means the Alberta Gaming, Liquor and Cannabis Commission.

"Alberta Cannabis Act" has the meaning ascribed to such term on page 38 of this Prospectus.

"Alberta Regulations" has the meaning ascribed to such term on page 38 of this Prospectus.

"Amalgamation" has the meaning ascribed to such term on page 30 of this Prospectus.

"Audit Committee" means the committee of the board of directors of the Company responsible, *inter alia*, for assisting the board of directors of the Company to fulfil its responsibilities for the oversight of the financial reporting process.

"BC Cannabis Act" has the meaning ascribed to such term on page 39 of this Prospectus.

"Bill 11" has the meaning ascribed to such term on page 41 of this Prospectus.

"Bill 26" means the bill entitled, *An Act to Control and Regulate Cannabis* enacted by the Government of Alberta on November 30, 2017.

"British Columbia Regulations" has the meaning ascribed to such term on page 40 of this Prospectus.

"Broker Warrant Certificate" means a certificate provided by the Company to one of the Agents which list the terms governing the Broker Warrants.

"Broker Warrant Exercise Period" has the meaning ascribed to such term on page 2 of this Prospectus.

"Broker Warrants" has the meaning ascribed to such term on page 1 of this Prospectus.

“Business Day” means a day other than a Saturday, Sunday or any other day on which the principal chartered banks located in Toronto, Ontario are not open for business.

“Canna Cabana Franchise Agreement” means the agreements between Smoker’s Corner and a franchisee governing the terms and conditions of the opening and operation of a cannabis retail outlet.

“Canna Cabana” means Canna Cabana Ltd., a wholly-owned subsidiary of the Company.

“Cannabis Act” means *An Act respecting cannabis and to amend the Controlled Drugs and Substances Act, the Criminal Code and other Acts*, S.C. 2018, c. 16, which, when combined with *An Act to Amend the Criminal Code*, provides a framework for the deregulation of cannabis for adult use in Canada.

“Cannabis Control Act” has the meaning ascribed to such term on page 40 of this Prospectus.

“Cannabis Outlets” has the meaning ascribed to such term on page 20 of this Prospectus.

“Cannabis Regulations” means the *Cannabis Regulations*, SOR/2018-144 (Canada).

“cannabis” has the meaning given to the term “cannabis” in the *Cannabis Act*.

“CDSA” has the meaning ascribed to such term on page 37 of this Prospectus.

“CEO” means chief executive officer.

“CFO” means chief financial officer.

“Cheech & Chong’s Up in Smoke” is a trademark owned and controlled by Paramount Licensing Inc.

“Closing Date” has the meaning ascribed to such term on page 1 of this Prospectus.

“Cole Memo” means the United States Department of Justice Memorandum drafted by former Deputy Attorney General James Michael Cole in 2013, available at: U.S. Dept. of Justice, (2013), *Memorandum for all United States Attorneys re: Guidance Regarding Marijuana Enforcement*, Washington, DC: US Government Printing Office. Retrieved from <<https://www.justice.gov/iso/opa/resources/3052013829132756857467.pdf>>.

“Combined Financial Statements” means the audited combined financial statements of the Company for the years ended October 31, 2016 and October 31, 2017, respectively, as appended to this Prospectus at Schedule “A”.

“Committee” has the meaning ascribed to such term on page 52 of this Prospectus.

“Common Shares” means the common shares in the capital of the Company.

“company” means unless specifically indicated otherwise, a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual.

“Company” or **“High Tide”** means High Tide Inc.

“Compensation Committee” means the committee of the board of directors of the Company responsible, *inter alia*, for assisting the board of directors of the Company to fulfil its responsibilities for the review and determination of executive compensation of the Company.

“compensation securities” has the meaning given to that term under Form 51-102F6V – Statement of Executive Compensation – Venture Issuers.

“connected issuer” has the meaning given to that term under National Instrument 33-105 – Underwriting Conflicts.

“COO” means chief operating officer.

“Corporate Reorganization” has the meaning ascribed to such term on page 19 of this Prospectus.

“CRO” means chief revenue officer.

“CSA” has the meaning ascribed to such term on page 43 of this Prospectus.

“CSE” means Canadian Securities Exchange.

“CSO” means chief strategy officer.

“Definitive Securities Exchange Agreement” has the meaning ascribed to such term on page 21 of this Prospectus.

“Dexter Employment Agreement” has the meaning ascribed to such term on page 64 of this Prospectus.

“emerging issuer” has the meaning given to that term under National Policy 46-201 – Requirements Affecting Distributions by Certain Issuers.

“Escrow Agent” has the meaning ascribed to such term on page 54 of this Prospectus.

“Escrow Agreement” has the meaning ascribed to such term on page 54 of this Prospectus.

“Escrow Holders” has the meaning ascribed to such term on page 54 of this Prospectus.

“Exercise Period” has the meaning ascribed to such term on page 52 of this Prospectus.

“Exercise Price” has the meaning ascribed to such term on page 2 of this Prospectus.

“Famous Brandz Securityholders” has the meaning ascribed to such term on page 21 of this Prospectus.

“Famous Brandz” means Famous Brandz Inc. (formerly named 2484875 Ontario Inc. until October 1, 2015, and Cannabrand Inc. until August 29, 2016), a wholly-owned subsidiary of the Company.

“FOFI” has the meaning ascribed to such term on page 15 of this Prospectus.

“GST” has the meaning ascribed to such term on page 25 of this Prospectus.

“IFRS” means the International Financial Reporting Standards as issued by the International Accounting Standards Board and its interpretations issued by the International Financial Reporting Interpretations Committee.

“IHR” means the *Industrial Hemp Regulations*, SOR/98-156 (Canada).

“Industrial Hemp Regulations” means the *Industrial Hemp Regulations*, SOR/2018-145 (Canada).

“Initial Private Placement” has the meaning ascribed to such term on page 21 of this Prospectus.

“Interim Financial Statements” means the unaudited condensed consolidated interim financial statements of the Company for the three and nine months ended July 31, 2018, as appended to this

Prospectus at Schedule “B”.

“**Jay and Silent Bob**” is a trademark owned and controlled by Da’ Grassy High Inc.

“**Kush West**” means Kush West Distribution Inc., a wholly-owned subsidiary of the Company.

“**KushBar**” means KushBar Inc., a majority-owned subsidiary of the Company.

“**Kuzyk Employment Agreement**” has the meaning ascribed to such term on page 64 of this Prospectus.

“**LA Facility Operator**” has the meaning ascribed to such term on page 27 of this Prospectus.

“**LA Facility**” has the meaning ascribed to such term on page 27 of this Prospectus.

“**LCBO**” means the Liquor Control Board of Ontario.

“**Lead Agent**” has the meaning ascribed to such term on page 2 of this Prospectus.

“**Listing Date**” has the meaning ascribed to such term on page 2 of this Prospectus.

“**MD&A**” means Management’s Discussion and Analysis.

“**MMAR**” has the meaning ascribed to such term on page 37 of this Prospectus.

“**MMPR**” has the meaning ascribed to such term on page 37 of this Prospectus.

“**MOU**” means a memorandum of understanding, which for greater clarity is a non-binding agreement between two or more parties.

“**Narcotic Control Regulations**” means the *Narcotic Control Regulations*, C.R.C., c. 1041 (Canada).

“**NEO**” has the meaning ascribed to such term on page 62 of this Prospectus.

“**Nominating and Corporate Governance Committee**” means the committee of the board of directors of the Company responsible, *inter alia*, for the recommendation of qualified candidates and corporate governance practices to the board of directors of the Company.

“**NP 46-201**” means National Policy 46-201 – Escrow for Initial Public Offering.

“**OBCA**” means the *Business Corporations Act* (Ontario), as amended, together with all regulations promulgated thereunder.

“**Offering Price**” has the meaning ascribed to such term on page 1 of this Prospectus.

“**Offering**” has the meaning ascribed to such term on page 1 of this Prospectus.

“**Ontario Cannabis Act**” means the *Cannabis Licence Act, 2018* (Ontario).

“**Ontario Regulations**” has the meaning ascribed to such term on page 41 of this Prospectus.

“**Operating Subsidiaries**” has the meaning ascribed to such term on page 20 of this Prospectus.

“**Option**” has the meaning ascribed to such term on page 52 of this Prospectus.

“**Penalty**” has the meaning ascribed to such term on page 2 of this Prospectus.

“Prior Issued Broker Warrant” has the meaning ascribed to such term on page 50 of this Prospectus.

“Prior Issued Warrant Acceleration Right” has the meaning ascribed to such term on page 50 of this Prospectus.

“Prior Issued Warrants” has the meaning ascribed to such term on page 49 of this Prospectus.

“promoter” has the meaning given to that term under the *Securities Act* (Alberta).

“Prospectus” has the meaning ascribed to such term on page 1 of this Prospectus.

“Qualification Date” has the meaning ascribed to such term on page 2 of this Prospectus.

“Qualification Deadline” has the meaning ascribed to such term on page 2 of this Prospectus.

“Quebec Cannabis Act” has the meaning ascribed to such term on page 42 of this Prospectus.

“Regulations” has the meaning ascribed to such term on page 38 of this Prospectus.

“related issuer” has the meaning given to that term under National Instrument 33-105 – Underwriting Conflicts.

“RGR” means RGR Canada Inc., a wholly-owned subsidiary of the Company.

“Saskatchewan Cannabis Act” has the meaning ascribed to such term on page 40 of this Prospectus.

“Saskatchewan Regulations” has the meaning ascribed to such term on page 40 of this Prospectus.

“Share Split” has the meaning ascribed to such term on page 1 of this Prospectus.

“SKU” means stock keeping unit.

“SLGA” means the Saskatchewan Liquor and Gaming Authority.

“Smoker’s Corner Franchise Agreement” means the agreements between Smoker’s Corner and a franchisee governing the terms and conditions of the opening and operation of a Smoker’s Corner store.

“Smoker’s Corner” means Smoker’s Corner Ltd., a wholly-owned subsidiary of the Company.

“Snoop Dogg Pounds” is a trademark owned and controlled by Spanky’s Clothing, Inc.

“Special Warrant Indenture” has the meaning ascribed to such term on page 1 of this Prospectus.

“Special Warrants” has the meaning ascribed to such term on page 1 of this Prospectus.

“Stock Option Plan Option Expiry Date” has the meaning ascribed to such term on page 52 of this Prospectus.

“Stock Option Plan” has the meaning ascribed to such term on page 52 of this Prospectus.

“Strategic Advisors” has the meaning ascribed to such term on page 22 of this Prospectus.

“Subsidiaries” means, collectively, Famous Brandz, RGR, Smoker’s Corner, Canna Cabana, KushBar, and Kush West and **“Subsidiary”** means any of them.

“SVP” means senior vice president.

“Trailer Park Boys” represents the trademark “TRAILER PARK BOYS” owned and controlled by TPB Productions Limited.

“U.S. Securities Act” has the meaning ascribed to such term on page 1 of this Prospectus.

“U.S.” means the United States of America.

“Unit” has the meaning ascribed to such term on page 2 of this Prospectus.

“Warrant Acceleration Right” has the meaning ascribed to such term on page 2 of this Prospectus.

“Warrant Indenture” means the agreement dated August 22, 2018 among AST Trust Company (Canada) and the Company, pursuant to which AST Trust Company (Canada) will act as agent on behalf of the holders of the Warrants.

“Warrants” has the meaning ascribed to such term on page 1 of this Prospectus.

ADDITIONAL INFORMATION

The Company presents its Combined Financial Statements and Interim Financial Statements in Canadian dollars. In this Prospectus, unless otherwise specified or the context otherwise requires, all references to \$ or CAD\$ are to Canadian dollars.

Prospective purchasers should rely only on the information contained in this Prospectus. We have not, and the Agents have not, authorized any other person to provide prospective purchasers with additional or different information. If anyone provides prospective purchasers with additional or different or inconsistent information, including information or statements in media articles about the Company, prospective purchasers should not rely on it. The Company is not, and the Agents are not, making an offer to sell or seeking offers to buy Special Warrants in any jurisdiction where the offer or sale is not permitted. Prospective purchasers should assume that the information appearing in this Prospectus is accurate only as at its date, regardless of its time of delivery or of any sale of Special Warrants. The Company's business, financial conditions, results of operations and prospects may have changed since that date.

FORWARD-LOOKING INFORMATION

This Prospectus contains statements and information that, to the extent that they are not historical fact, may constitute "forward-looking information" within the meaning of applicable securities legislation. Forward-looking information may include financial and other projections, as well as statements regarding future plans, objectives or economic performance, or the assumptions underlying any of the foregoing. This Prospectus uses words such as "may", "would", "could", "will", "likely", "except", "anticipate", "believe", "intend", "plan", "forecast", "project", "estimate", "outlook", "propose" and other similar expressions to identify forward-looking information. Examples of such statements include, but are not limited to, statements with respect to:

- the CSE and all matters relating to listing thereon;
- the proposed use of the net proceeds of the Offering and available funds;
- the intended use of proceeds of the Offering;
- the objectives and business plans of the Company;
- the share capital of the Company;
- the performance of the Company's business and operations;
- the Company's expectations regarding revenues, expenses and anticipated cash needs;
- the intention to grow the Company's business and operations;
- federal, provincial and municipal laws and regulations relating to the sale of recreational cannabis in Canada, including those relating to taxation, supply and distribution;
- the ability of the Company to attract qualified franchisees, and the ability of qualified franchisees to successfully finance, open (including obtaining a license and suitable location) and operate Smoker's Corner, Canna Cabana, and KushBar retail outlets;
- the competitive conditions of the industries in which the Company operates;
- the expected timing and completion of the Company's near-term objectives;
- laws and any amendments thereto applicable to the Company and its franchisees;
- the ability of the Company to obtain any required regulatory approvals;
- the competitive advantages, business strategies and future business plans of the Company;
- the Company's future product offerings;
- the ability of the Company to protect its intellectual property rights;
- the Option grants by the Company;
- the proposed opening of cannabis retail operations by Canna Cabana and KushBar;
- the anticipated franchise fees and royalties to be received from Canna Cabana franchises; and
- the use of traditional media marketing and the conducting of a public relations campaign by the Company and the Subsidiaries.

Forward-looking information is based on the reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and 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, but which may prove to be incorrect. The material factors and assumptions used to develop the forward-looking statements contained in this Prospectus include the Company's ability to obtain regulatory approvals in a timely manner, the Company's ability to obtain listing approval from the CSE, key personnel and qualified employees continuing their employment with the Company, and the Company's ability to secure new financing.

Forward-looking information involves known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company to differ materially from any future results, performance or achievements expressed or implied by the forward-looking information, including risks relating to the future business plans of the Company. Accordingly, readers should not place undue reliance on any such forward-looking information. Further, any forward-looking statement speaks only as of the date on which such statement is made. New factors emerge from time to time, and it is not possible for the Company's management to predict all of such factors and to assess in advance the impact of each such factor on the Company's 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 statements. The Company does not undertake any obligation to update any forward-looking information to reflect information or events after the date hereof or to reflect the occurrence of unanticipated events, except as required by law including securities laws.

This Prospectus contains future-oriented financial information and financial outlook information (collectively, "**FOFI**") about the Company's prospective results of operations and components thereof, all of which are subject to the same assumptions, risk factors, limitations, and qualifications as set forth in the above paragraphs. FOFI contained in this Prospectus was made as of the date of this Prospectus and was provided for the purpose of describing the anticipated effects of the Offering on the Company's business operations. The Company disclaims any intention or obligation to update or revise any FOFI contained in this Prospectus, whether as a result of new information, future events or otherwise, unless required pursuant to applicable law. Readers are cautioned that the FOFI contained in this Prospectus should not be used for purposes other than for which it is disclosed herein.

For a more detailed discussion of certain of these risk factors, see "RISK FACTORS".

PROSPECTUS SUMMARY

This summary highlights information contained in other parts of this Prospectus. Because it is only a summary, it does not contain all of the information which should be considered before investing in the Company, and is qualified in its entirety by, and should be read in conjunction with, the more detailed information appearing elsewhere in this Prospectus. This entire Prospectus should be read carefully, especially "Risk Factors," "Selected Financial Information and Management's Discussion and Analysis", the Company's financial statements and the related notes included elsewhere in this Prospectus, before deciding to invest in the Company.

The Company:	The Company is a corporation existing under the ABCA. The Company was formed to reorganize several non-arm’s length entities with operations relating to i) the design, manufacturing, distribution and/or retail of smoking accessories, ii) the retail of cannabis and other related items, and iii) the wholesale of cannabis. See “DESCRIPTION OF THE BUSINESS”.																								
The Offering:	The Company raised gross proceeds of \$18,364,237 through the issue of 13,307,418 Special Warrants sold on a private placement basis prior to the date of this Prospectus.																								
Issue Price:	CAD\$ 1.38 per Special Warrant.																								
Use of Proceeds:	The Company will use the funds obtained pursuant to the Offering as follows: <table><tr><th>Principal Purpose</th><th>Amount Expended/To Be Expended</th></tr><tr><td>Retail Acquisitions⁽¹⁾.....</td><td>\$3,000,000</td></tr><tr><td>Canna Cabana New Stores & Smoker’s Corner Upgrades⁽²⁾.....</td><td>\$5,891,718</td></tr><tr><td>New Office and Warehouse Leasehold Improvement Costs⁽³⁾.....</td><td>\$1,100,000</td></tr><tr><td>Cannabis Product Inventory⁽⁴⁾.....</td><td>\$1,000,000</td></tr><tr><td>Human Capital⁽⁵⁾.....</td><td>\$525,000</td></tr><tr><td>Famous Brandz Product Licenses⁽⁶⁾.....</td><td>\$350,000</td></tr><tr><td>IT Systems⁽⁷⁾.....</td><td>\$250,000</td></tr><tr><td>Unallocated Working Capital.....</td><td>\$4,871,843</td></tr><tr><td>Net Offering.....</td><td>\$16,988,561</td></tr></table> Notes: (1) Anticipated to be expended prior to December, 2018. The Company is considering a number of domestic strategic acquisitions (See “DESCRIPTION OF THE BUSINESS – Strategic Plans”). The acquisition targets include various locations for cannabis retail outlets across Canada, as it is the Company’s strategy to purchase and to own favourable locations to establish cannabis retail outlets. At an average expected cost of \$200,000, 15 locations could be purchased for \$3,000,000. The Company is considering purchases in any or all of British Columbia, Saskatchewan and Alberta. As of the date of this Prospectus, it was anticipated that the funds would be used for 5 acquisitions in Alberta, 2 acquisitions in Saskatchewan and 8 acquisitions in British Columbia. (2) Anticipated to be expended prior to January, 2019. This amount is comprised of agreements with three building contractors for the construction of 24 retail outlets across Alberta. (3) Anticipated to be expended prior to December 31, 2018. This amount is comprised of the costs to construct new offices and install warehouse equipment at the Company’s new headquarters in Calgary, Alberta, which it expects to occupy by the end of 2018. (4) Anticipated to be expended prior to November, 2018. This amount is comprised of the following costs: (i) \$100,000 per location for the purchase of inventory for 10 locations (these sums will be used for 8 new Canna Cabana stores and 2 Smoker’s Corner conversions into Canna Cabana stores). The Company expects to fund an additional 4 new Canna Cabana stores from operating cash flows. (5) Anticipated to be expended prior to November, 2019. This amount is comprised of the following costs: (i) cost to hire 7-10 new employees at an average cost of \$52,500 per annum each. (6) Anticipated to be expended prior to May 2019. This amount is comprised of the following costs: (i) estimated cost to convert 3 current license negotiations into binding license agreements (with expected upfront payments of \$150,000, \$100,000 and \$100,000 to separate negotiating parties). (7) Anticipated to be expended prior to November, 2018. This amount is comprised of the following costs: (i) an estimated \$150,000 required to implement Sage X3; (ii) an estimated \$50,000 to implement COVA; and (iii)					Principal Purpose	Amount Expended/To Be Expended	Retail Acquisitions ⁽¹⁾	\$3,000,000	Canna Cabana New Stores & Smoker’s Corner Upgrades ⁽²⁾	\$5,891,718	New Office and Warehouse Leasehold Improvement Costs ⁽³⁾	\$1,100,000	Cannabis Product Inventory ⁽⁴⁾	\$1,000,000	Human Capital ⁽⁵⁾	\$525,000	Famous Brandz Product Licenses ⁽⁶⁾	\$350,000	IT Systems ⁽⁷⁾	\$250,000	Unallocated Working Capital.....	\$4,871,843	Net Offering.....	\$16,988,561
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	an \$50,000 to hire a temporary IT Project Manager on a six-month contract. There may be circumstances where a reallocation of funds may be necessary in order for the Company to achieve its stated business objectives. See “USE OF PROCEEDS”.																																				
Directors and Officers of the Company:	The board of directors of the Company consists of Harkirat (Raj) Grover, Nader Ben Aissa, Arthur Kwan, Nitin Kaushal and Paul Rosen. The officers of the Company are Raj Grover (President and CEO), Matthew Dexter (CFO), Kevin Cornish (COO), Nicholas Kuzyk (CSO and SVP of Capital Markets) and Andreas Palalas (CRO). See “THE DIRECTORS AND EXECUTIVE OFFICERS”.																																				
Selected Financial Information:	The following selected combined/consolidated financial information has been derived from and is qualified in its entirety by the Combined Financial Statements and Interim Financial Statements, and should be read in conjunction with such financial statements and the related notes thereto along with the MD&A thereto, which are included in Schedules “A” to “D” of this Prospectus. All financial statements of the Company and of its Subsidiaries (as defined hereunder) are prepared in accordance with IFRS. <table><tr><th></th><th>As at and for the three months ended July 31, 2018 (unaudited)</th><th>As at and for the year ended October 31, 2017 (audited)⁽¹⁾</th><th>As at and for the year ended October 31, 2016 (audited)⁽¹⁾</th></tr><tr><td>Revenue.....</td><td>\$2,174,640</td><td>\$9,993,246</td><td>\$8,439,984</td></tr><tr><td>Cost of Sales.....</td><td>\$(997,698)</td><td>\$(5,285,496)</td><td>\$(4,045,923)</td></tr><tr><td>Total Expenses.....</td><td>\$1,884,123</td><td>\$3,748,911</td><td>\$2,722,495</td></tr><tr><td>Net Income (Loss).....</td><td>\$(615,095)</td><td>\$577,305</td><td>\$1,215,758</td></tr><tr><td>Net Income (Loss) Per Share – Basic.....</td><td>\$(0.00)⁽²⁾</td><td>\$0.05⁽³⁾</td><td>\$3.04⁽³⁾</td></tr><tr><td>Net Income (Loss) Per Share – Diluted.....</td><td>\$(0.00)⁽²⁾</td><td>\$0.05⁽³⁾</td><td>\$3.04⁽³⁾</td></tr><tr><td>Total Assets.....</td><td>\$11,917,996</td><td>\$11,113,004</td><td>\$10,418,218</td></tr><tr><td>Total Non-Current Liabilities.....</td><td>NIL</td><td>\$(21,833)</td><td>\$(25,239)</td></tr></table> Notes: (1) As the Cannabis Outlets and the Company were not incorporated until 2018, the financial information presented is based on combined financial data for Famous Brandz, RGR and Smoker’s Corner. (2) See note 13 of the Interim Financial Statements. (3) See note 17 of the Combined Financial Statements. See “SELECTED FINANCIAL INFORMATION AND MANAGEMENT’S DISCUSSION AND ANALYSIS”.		As at and for the three months ended July 31, 2018 (unaudited)	As at and for the year ended October 31, 2017 (audited) ⁽¹⁾	As at and for the year ended October 31, 2016 (audited) ⁽¹⁾	Revenue.....	\$2,174,640	\$9,993,246	\$8,439,984	Cost of Sales.....	\$(997,698)	\$(5,285,496)	\$(4,045,923)	Total Expenses.....	\$1,884,123	\$3,748,911	\$2,722,495	Net Income (Loss).....	\$(615,095)	\$577,305	\$1,215,758	Net Income (Loss) Per Share – Basic.....	\$(0.00) ⁽²⁾	\$0.05 ⁽³⁾	\$3.04 ⁽³⁾	Net Income (Loss) Per Share – Diluted.....	\$(0.00) ⁽²⁾	\$0.05 ⁽³⁾	\$3.04 ⁽³⁾	Total Assets.....	\$11,917,996	\$11,113,004	\$10,418,218	Total Non-Current Liabilities.....	NIL	\$(21,833)	\$(25,239)
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Risk Factors:	There are a number of risks of which should be considered before making the decision to invest in the Company. These risks are discussed more fully in the section titled “RISK FACTORS” and include, among others: • the uncertainty of the regulatory framework governing the sale of recreational cannabis; • the impact of laws and regulations governing certain aspects of the Company’s activities including, but not limited to, those related to franchising and taxation; • the ability of the Company to obtain a supply of cannabis for cannabis retail outlets; • the ability of the Company to be competitive and to operate cannabis retail																																				

	outlets profitably; and • the ability of the Company to obtain additional future financing. If the Company is unable to adequately address these and other risks, the Company's business, financial condition, operating results or prospects may be adversely affected.
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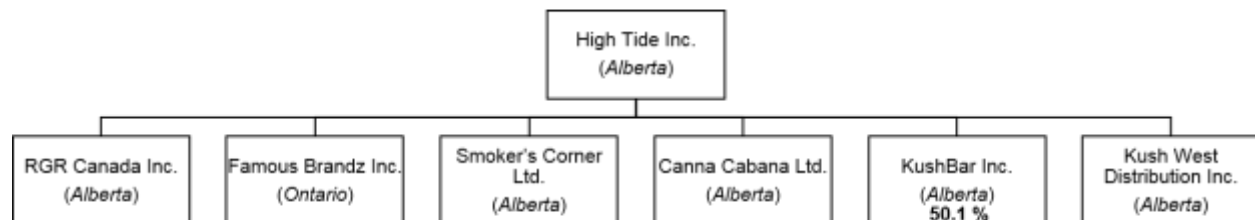
DESCRIPTION OF THE BUSINESS

GENERAL DESCRIPTION OF THE COMPANY

The Company was incorporated under the ABCA on February 8, 2018. The head office of the Company is located at 2634-45th Avenue S.E., Unit 149, Calgary, Alberta, T2B 3M1, and its registered office is located at 120-4954 Richard Road S.W., Calgary, Alberta, T3E 6L1. The Company was incorporated for the purpose of reorganizing a number of non-arm's length companies under a parent entity (the "**Corporate Reorganization**"), as further described below.

The Company is a vertically-integrated Canadian-headquartered cannabis industry corporation, with a portfolio of subsidiaries including Famous Brandz, RGR, Smoker's Corner, Canna Cabana, KushBar and Kush West. All of the Subsidiaries are wholly-owned by the Company, with the exception of KushBar; the Company owns a majority of the issued and outstanding shares of KushBar.

The organizational chart for the Company is as follows:



The operations of Famous Brandz are primarily focused on the distribution of smoking accessories. Famous Brandz licenses brands from licensors, designs products featuring licensed brands, oversees manufacturing by third-parties and distributes products. Famous Brandz has developed an extensive network of corporate clients across Canada, the United States and Europe. It also sells directly to consumers through its own e-commerce platform.

Like Famous Brandz, RGR's operations are primarily focused on the distribution of smoking accessories. However, rather than licensing brands from licensors, RGR creates its own proprietary brands of smoking accessories. RGR's operations are focused on designing products featuring its proprietary brands, overseeing manufacturing by third-parties and distributing products. The distribution network of RGR is less extensive than the network of Famous Brandz. RGR does not sell its products directly to consumers, but operates an ecommerce platform for wholesale.

Smoker's Corner and Canna Cabana's operations are, and KushBar intends its operations to be, solely focused on retail sales – primarily through brick-and-mortar retail outlets. Smoker's Corner retail sales are in the area of smoking accessories. It is the Company's intention that the operations of KushBar and Canna Cabana are or will be focused on the retail of cannabis as well as smoking accessories. The Company intends that the operations of Kush West will be focused on the wholesale of cannabis to legally licensed cannabis retailers in the province of Saskatchewan.

The Company's existing and intended future retail operations are focused on business to consumer markets, while existing and intended future wholesale operations are focused on business to business markets. The operations of RGR and Famous Brandz relate to the wholesale of smoking accessories, and the operations of Smoker's Corner relate to the retail of smoking accessories. The operations of Canna Cabana are focused on the retail of cannabis. The Company intends that the operations of

KushBar will be focused on the retail of cannabis, and that the operations of Kush West will be focused on the wholesale of cannabis.

At the date of this Prospectus, all of High Tide's revenue has primarily been generated by the operations of RGR, Smoker's Corner and Famous Brandz (the "**Operating Subsidiaries**"), and to a lesser extent by Canna Cabana. On October 17, 2018, the *Cannabis Act* came into force as law with the effect of deregulating adult recreational use of cannabis across Canada. Canna Cabana has begun retailing cannabis, and the Company intends for Kush West and KushBar to commence business activities related to the wholesale and retail sale of cannabis, respectively. As the wholesale and retail sale of adult recreational cannabis was illegal under the laws of Canada prior to the coming into force of the *Cannabis Act*, Kush West, Canna Cabana and KushBar currently have limited operations and have not generated a material amount of revenue (collectively, Canna Cabana and KushBar, being the "**Cannabis Outlets**").

From their respective dates of incorporation to the date of this Prospectus, none of Canna Cabana, KushBar or Kush West have significant assets, liabilities or business operations.

The Company, through Famous Brandz and RGR, is an established international leader for the design and distribution of smoking accessories and alternative lifestyle products. Through Smoker's Corner, the Company operates a network of nine corporate and 10 franchised smoking accessories retail outlets in Alberta, British Columbia and Nova Scotia.

The Nascent Cannabis Industry

The Company believes that a global paradigm shift is underway with respect to consumer perspectives of the cannabis industry, transforming the multibillion-dollar cannabis industry from a state of prohibition to a state of deregulation for adult use; however, the legal market is still in its early stages. We expect the number of countries with deregulated recreational cannabis regimes to continue to increase, creating numerous and sizable opportunities for market participants, including the Company. According to the United Nations,¹ approximately 3.9% of the global adult population, or approximately 192.2 million people, are estimated to be cannabis users. The current total (legal and illegal) American cannabis market is estimated to be worth \$50 billion dollars annually.² In a 2016 publication by Deloitte,³ the size of the Canadian adult-use recreational market was projected to range from \$4.9 billion to \$8.7 billion annually.

In 2018, Canada became the first major industrialized nation to deregulate adult-use cannabis. With the deregulation of cannabis for adult use, most illicit cannabis consumption is expected to transition to the legal market. The Company, through its Cannabis Outlets, intends to capture a portion of the projected cannabis retail market in such jurisdictions of Canada where the private sale of cannabis is permitted. Additionally, the Company is positioning itself to benefit from the expected increase in market demand for smoking accessories following the deregulation of cannabis for adult use of cannabis in Canada through the operations of Famous Brandz, RGR, and Smoker's Corner.

RECENT DEVELOPMENTS OF THE COMPANY

Cannabis Retail Operations

At the date of this Prospectus, the Company, through Canna Cabana, has begun cannabis retail operations at one fully-licensed retail outlet located in Calgary, and intends to begin operations imminently at several other locations across Alberta.

¹ *World Drug Report 2018* (United Nations publication, Sales No. E.18.XI.9), online: <<https://www.unodc.org/wdr2018/>>.

² Source: BDS Analytics and RBC Capital Markets.

³ *Deloitte, Insights and Opportunities, Recreational Marijuana*, online: <<https://www2.deloitte.com/ca/en/pages/deloitte-analytics/articles/recreational-marijuana-market.html>>.

Corporate Reorganization

The Corporate Reorganization occurred shortly following the incorporation of the Company in early 2018. Occurring in two parts, the Corporate Reorganization resulted in the Company owning all of the issued and outstanding shares of Famous Brandz, RGR, and Smoker's Corner.

The first part of the Corporate Reorganization occurred on February 28, 2018, and consisted of the transfer of all the common and preferred shares of RGR and Smoker's Corner, which represented the total issued and outstanding share capital of each of these entities, at fair market value on a taxable basis between the shareholders of the aforementioned entities and the Company. With respect to RGR, the Company received all of the issued and outstanding share capital of RGR. In exchange for this share capital, the Company issued 22,564,420 Common Shares to Raj Grover, 22,564,420 Common Shares to Roza Grover and 6,128,304 Common Shares to the Grover Family Trust. With respect to Smoker's Corner, the Company received all of the issued and outstanding share capital of Smoker's Corner. In exchange for this share capital, the Company issued 50,358,603 Common Shares to Raj Grover and 6,024,252 Common Shares to the Grover Family Trust. Roza Grover and the Grover Family Trust are non-arm's length parties to Raj Grover. The total value of the Common Shares issued in the first part of the Corporate Reorganization was \$20,475,000. See "PRIOR SALES".

The second part of the Corporate Reorganization was in connection with Famous Brandz. Prior to the Corporate Reorganization, Raj Grover, directly and indirectly, held 50% of the issued and outstanding share capital of Famous Brandz. The Corporate Reorganization transfer occurred on April 30, 2018 pursuant to an agreement (the "**Definitive Securities Exchange Agreement**") entered into between Famous Brandz, the Company, and all of Famous Brandz's then shareholders, warrant holders, and debenture holders (the "**Famous Brandz Securityholders**"). As a result of the Corporate Reorganization, the Company received all of the issued and outstanding share capital of Famous Brandz. In exchange, the Company issued 30,324,120 Common Shares to the Famous Brandz Securityholders in accordance with the terms of the Definitive Securities Exchange Agreement. Following the execution of the Definitive Securities Exchange Agreement, but without considering the Offering, the Famous Brandz Securityholders came to hold 20% of the Company's issued and outstanding Common Shares. As of the date of this Prospectus, the Famous Brandz Securityholders hold approximately 16% of the Company's issued and outstanding Common Shares after giving effect to the exercise of Special Warrants. The total value of the Common Shares issued in the second part of the Corporate Reorganization was \$15,085,151. See "PRIOR SALES".

Initial Private Placement

On April 18, 2018 and April 30, 2018, the Company completed a non-brokered private placement offering ("**Initial Private Placement**"), pursuant to which the Company issued 10,225,800 Common Shares at a price of \$0.362 per Common Share for gross proceeds of \$3,705,000 – the offering was increased from its initial size of \$3,500,000 to satisfy investor demand. Among the investors participating in the Offering was FV Pharma Inc., a cannabis producer licenced under the ACMPR (as defined hereunder). The net proceeds from the offering were used for general corporate purposes.

As consideration for their role as a finder in the Initial Private Placement, the Company granted First Republic Capital Corporation finder warrants to purchase up to 670,680 Common Shares at a price of \$0.362 per Common Share for a period of 24 months from their respective date of issuance. See, "Authorized and Issued Share Capital – Prior Issued Broker Warrants".

Board of Directors, Strategic Advisors, and Employees

The board of directors of the Company is presently comprised of Raj Grover, Arthur Kwan, Paul Rosen, Nitin Kaushal and Nader Ben Aissa. See "THE DIRECTORS AND EXECUTIVE OFFICERS".

As of the date of this Prospectus, the Company has entered into relationships with a number of experts and advisors ("**Strategic Advisors**") to assist with the launch of the operations of the Cannabis Outlets, and the modifications to the activities of the Operating Subsidiaries following the deregulation of cannabis for adult use in Canada. The Strategic Advisors were chosen based on their expertise in the fields of real estate, corporate finance, government relations and securities law, and their ability to positively impact the Company by assisting the Company to establish key industry relationships.

As at the date of this Prospectus, the Company, including its subsidiaries, has more than 70 employees.

Share Split

On October 4, 2018, the Company amended its articles to effect the Share Split in order to have a more flexible capital structure to attract capital and ensure trading liquidity once listed on the CSE following the Offering.

For greater clarity, all figures listed in this Prospectus are listed post-Share Split, unless indicated otherwise.

Name Change

The Company was incorporated under the name "High Tide Ventures Inc.", and subsequently amended its articles on October 4, 2018 to reflect its current name, "High Tide Inc."

Company's Financing of the Operations of the Cannabis Outlets and Kush West

As at the date of this Prospectus, the Canna Cabana Canna Cabana has begun retailing cannabis, and the Company intends for Kush West and KushBar to commence business activities related to the wholesale and retail sale of cannabis following the deregulation of cannabis for adult use in Canada, on October 17, 2018. The Company has granted loans to the Cannabis Outlets and Kush West to provide them with working capital. At the date of this Prospectus, Canna Cabana has received over \$3,000,000, KushBar has received over \$100,000 and Kush West has received less than \$10,000. These debts are not secured against any real or personal property.

At the date of this Prospectus, the Cannabis Outlets and Kush West have not taken on debt from any third-parties, and no guarantees have been provided by the Company or any of the Operating Subsidiaries in relation to debts incurred by the Cannabis Outlets or Kush West.

Ontario Real Estate Partnership

On August 2, 2018, the Company engaged a leading global real estate services firm to assist the Company to identify, negotiate, and secure leases for retail space in Ontario, which the Company intends to use for future cannabis retail outlets.

Strategic Plans

The Company's current goal is to become one of the largest and most prominent cannabis companies in the world by expanding its cannabis business operations in Canada and internationally where permitted by law. The Company intends to accomplish this goal through organic growth and expansion, including acquisitions to allow it to grow vertically, horizontally and to increase market share. The Company intends to make acquisitions and investments in other entities for the strategic growth of its business operations.

The Company intends to grow domestically and potentially enter new markets such as the U.S. and the European Union. As of the date of this Prospectus, the Company is assessing several accretive potential acquisitions in the manufacturing, wholesale and retail sectors. The acquisitions considered by the Company in the future could also include upstream cannabis industry targets such as licensed producers or distributors of cannabis.

Given the rapidly evolving regulatory landscape in relation to the deregulation of cannabis for adult use, the Company's plans with respect to future acquisitions or investments are not definitive as the Company needs to maintain agility to quickly react to new opportunities if, as and when they become available. Consequently, the Company will continue to evaluate such opportunities as the regulatory landscape evolves and will consider strategic investments in third parties or acquisitions that allow the Company to enter into new markets, and the direction that the Company takes with respect to such investments and acquisitions is partly dependent on the regulatory landscape and the opportunities available at that time.

OPERATING SUBSIDIARIES

This section of the Prospectus discusses the operations of the Subsidiaries.

Smoker's Corner

Operations

Smoker's Corner was incorporated under the ABCA on July 22, 2009. Smoker's Corner is headquartered at 1433-17 Avenue S.W., Calgary, Alberta, T2T 0E1, and its registered office is located at 120-4954 Richard Road S.W., Calgary, Alberta, T3E 6L1.

Pursuant to the Corporate Reorganization, High Tide acquired all of the outstanding shares of Smoker's Corner. Raj Grover is the sole director, and is the President and Secretary-Treasurer of Smoker's Corner. Mr. Grover continues to hold these offices as of the date of this Prospectus.

Founded in 2009, Smoker's Corner is an established counter-culture chain serving approximately 170,000 customers per year across 19 locations across Canada. Smoker's Corner's chain of brick and mortar stores and online website currently offer a wide range of products including bubblers, dab rigs, dugouts, e-juice and e-cigarettes, glass bongs, grinders, hand pipes, hookahs and shishas, rolling trays, sherlocks, and vaporizers, as well as novelty items, alternative lifestyle products and other smoking accessories. Smoker's Corner has expanded rapidly, is approved by the Canadian Franchise Association, and was the first smoke shop franchise permitted to be financed by Small Business Loans Canada.

Raj Grover opened the first Smoker's Corner location on 17th Avenue S.W. in Calgary, Alberta in 2009. The second location was opened in the Kensington neighbourhood of Calgary, Alberta in 2010, while the third location was opened on Edmonton Trail in Calgary, Alberta in 2011. The corporate store located at 124th Street NW in Edmonton was established in October of 2012. The 17th Avenue S.W., Edmonton Trail and Kensington locations were converted into franchises in March of 2014, November of 2015 and April of 2017, respectively. The fourth Smoker's Corner location was opened in Fort McMurray, Alberta in 2011. The fifth, sixth and seventh locations were opened in Grand Prairie, Whitecourt and Red Deer, Alberta, respectively, in the following year.

The Smoker's Corner locations in Vancouver and Fort St. John, British Columbia were established in 2013, the latter of which became a franchise in October, 2015. Two locations were opened in Edmonton, Alberta in March, 2013, the first being located on Whyte Avenue, and the second on Jasper Avenue, the second of which was later converted into a franchise in May, 2017. The next three Alberta locations in Airdrie, Hinton and Okotoks were opened in 2013, the first of which became a franchise in October, 2014 with the other two becoming franchises in October, 2015, respectively.

In May, 2014, the first franchised Smoker's Corner location was established, which was located in Truro, Nova Scotia. The Truro, Nova Scotia location store was also the first location east of the province of Alberta. The most recent franchise was established in September, 2017 in the Shawnee neighbourhood along MacLeod Trail in Calgary, Alberta. One month later, the Olds, Alberta location was opened in November, 2017. The most recent Smoker's Corner corporate location was opened in Spruce Grove, Alberta in March, 2018.

Smoker's Corner has implemented policies across franchises to ensure the standardization of products and services, hours of opening, employee training and employee workwear. The typical store footprint of a Smoker's Corner retail outlet is between 500 and 1,500 sq. feet.

Smoker's Corner maintains an e-commerce platform as well as Twitter, Facebook and Instagram pages. Subject to age verification, customers can purchase smoking accessories directly from Smoker's Corner and receive customer support at the SmokersCorner.com web address.

Smoker's Corner has guaranteed up to \$1.5 million of a non-revolving, reducing credit facility of \$4,190,000.00 that was entered into between Grover Properties Inc. (a related party under the control of the Company's CEO Raj Gover) and ATB Financial. This credit facility is intended to finance a new office and warehouse unit currently being developed for Grover Properties Inc. This unit will be leased to High Tide to accommodate the Company's planned operational expansion. High Tide will be responsible for the related leasehold improvements, which are currently estimated at \$1.2 million. An assessment for fair market lease rates has been performed to establish an appropriate rental amount between the related parties. The unit is expected to be completed and ready for occupancy on or around December 31, 2018.

Smoker's Corner Franchise Agreements

Pursuant to the terms of each Smoker's Corner Franchise Agreement, Smoker's Corner charges franchisees an ongoing royalty of 5% of their store's gross revenues, payable monthly, plus an additional 2% of gross revenues that is to be allocated to a brand development fund managed by Smoker's Corner. Each franchisee, under the terms of the Smoker's Corner Franchise Agreements, has agreed to pay all costs and expenses required in order to design, construct, fixture, equip, furnish and improve and otherwise complete the Smoker's Corner store so that it will be ready to be opened to the public for business.

The Smoker's Corner Franchise Agreements may be terminated immediately by Smoker's Corner upon written notice if there is a default, as prescribed under the Smoker's Corner Franchise Agreement or any associated agreement between Smoker's Corner and the franchisee. The following constitutes a non-exhaustive list of events of default under most of the Smoker's Corner Franchise Agreements:

- (a) If the franchisee fails to pay any amount owed to Smoker's Corner, or certain other specified parties, within five days of a written notice being given to the franchisee relating to such default and requesting the franchisee to cure said default within such delay;
- (b) If the franchisee ceases to comply and fully meet with any of the requirements or obligations prescribed in the Smoker's Corner Franchise Agreement, the law, or certain other specified agreements or documents which according to Smoker's Corner's opinion may not be cured, or following seven days written notice given to the franchisee relating to such default that has not been cured within such seven-day period;
- (c) If the franchisee, one or any of its directors, officers and shareholders is convicted of any indictable criminal offence;
- (d) If the franchisee fails at any time to comply with the highest standards of safety and sanitation required by applicable law and by Smoker's Corner, which default has not been rectified within 48 hours following a written notice; and
- (e) If the franchisee ceases to hold for any reason whatsoever any permit, certificate, licence or other authorization required by law to operate the Smoker's Corner business.

Following the termination of a Smoker's Corner Franchise Agreement, Smoker's Corner may, subject to applicable provincial and municipal legislation, assume control of the applicable Smoker's Corner location and any operations governed by the applicable Smoker's Corner Franchise Agreement.

The Smoker's Corner Franchise Agreements have a term of 10 years commencing on the date of the opening of the Smoker's Corner store to the public and expire on the 10th anniversary thereof or on the expiration of the applicable franchisee's lease, whichever date is earlier. The Smoker's Corner Franchise

Agreements may also be terminated prior to the expiry of the term of the agreement upon certain events, including, but not limited to, certain events of default discussed herein.

The Smoker's Corner Franchise Agreements contain a right of first refusal in favour of Smoker's Corner whereby Smoker's Corner has the right to receive notice of any third-party proposal received by a franchisee in regards to the franchised business or the Smoker's Corner Franchise Agreement and may exercise an option within 14 days of receipt of the notice and purchase under the same terms and conditions as those provided in the offer to purchase received by the franchisee.

Marketing Plans and Strategies

Smoker's Corner has been licensed by the Canadian Franchise Association since 2014. Smoker's Corner participates in various recruitment efforts to recruit potential franchisees through the Canadian Franchise Association and through participation in franchise and cannabis industry-focused trade-shows.

Smoker's Corner provides its franchisees with access to leading smoking accessories supplied through RGR, site selection assistance, store planning and design, and ongoing franchise support and training. Additionally, Smoker's Corner oversees certain marketing activities undertaken thorough the brand development fund put into place under the Smoker's Corner Franchise Agreement, which include the maintenance of Smoker's Corner social media accounts, sponsorships for several events and shows across Western Canada, and philanthropy.

Smoker's Corner has worked with advertising agencies to create its online media presence, which include its pages on Twitter, Facebook and Instagram, as well as online ad campaigns. Smoker's Corner intends to lead ad campaigns focused on consumers following the deregulation of cannabis for adult use to the extent allowed by each respective jurisdiction.

RGR

Operations

RGR was incorporated under the ABCA on November 16, 2010. RGR is headquartered at 2634-45th Avenue S.E., Suite 149, Calgary, Alberta, T2B 3M1, and its registered office is located at 120-4954 Richard Road S.W., Calgary, Alberta, T3E 6L1.

Pursuant to the Corporate Reorganization, High Tide acquired all of the outstanding shares of RGR. Raj Grover is the sole director, and is the President and Secretary-Treasurer of RGR. Mr. Grover continues to hold these offices as of the date of this Prospectus.

RGR is an established international leader in the manufacturing and distribution of high-quality and innovative smoking accessories. RGR's proprietary brands have become well known amongst consumers over time, and include Atomik, Evolution, Puff Puff Pass, Vodka Glass and ZOOM ZOOM. RGR employs a team based in Calgary, Alberta, which designs products in response to changing market trends, consumer preferences, technological innovations and government regulations.

RGR has established a sophisticated network of manufacturers in Asia and elsewhere, which has allowed it to keep its manufacturing costs competitive. Manufacturing relationships in China have been established and managed on behalf of RGR by its arms' length agent, Guangzhou Shenjie Trading Co. Ltd. ("**GST**"). Relationships have been developed over the last 10 years with manufacturers that specialize in different areas and with those that assemble components produced by other manufacturers, and are located across various provinces throughout the country. At the date of this Prospectus, GST oversaw the manufacturing of up to 75% of the 4,100 SKUs RGR distributes. RGR also maintains relationships for the creation of high-quality rolling papers with manufacturers in the Czech Republic. Factories in the Czech Republic manufacture both proprietary products for RGR, as well as their own branded products which RGR distributes. RGR has historically facilitated manufacturing through non-

formalized relationships. However, RGR intends to formalize through binding commercial agreements within 6 months following the Offering.

Following the manufacturing and import of products into Canada, RGR's inventory is stored at a warehouse located in Calgary, Alberta. GST is responsible for the coordination, documentation and logistics of exporting and transporting products from China to Canada. Certain products, including inventory manufactured by RGR and products related to the vaping industry, are imported into Canada and stored at a warehouse located in Calgary, Alberta.

As at the date of this Prospectus, RGR has developed a diversified network of distributors. During 2017, no single distributor accounted for more than 10% of RGR's sales, and approximately 300 different businesses in Canada purchased wholesale orders from RGR. Additionally, RGR maintains an e-commerce platform for business-to-business wholesale.

Regulation of Branded Cannabis Accessories

The *Cannabis Act* prohibits sales of certain branded cannabis accessories in Canada. The *Cannabis Act* and the *Cannabis Regulations*, in their present form, do not generally prohibit the import and export of branded cannabis accessories and only restrict the import and export of branded cannabis accessories which contain cannabis as specified in Schedule 4 of the *Cannabis Act*. No RGR products contain cannabis at the time of their sale.

RGR, distributes certain Famous Brandz branded cannabis accessories which are not permitted to be sold in Canada, but which are available for export to certain other jurisdictions. RGR carries many lines of products that are fully compliant with the sections of the *Cannabis Act* and *Cannabis Regulations* dealing with branded cannabis accessories and continues to sell those product lines through distributors and retailers in Canada.

RGR will ensure that branded cannabis accessories that are prohibited under the *Cannabis Act* and the *Cannabis Regulations* will not be sold in Canada or the U.S., as applicable, directly or indirectly.

Marketing Plans and Strategies

RGR relies on a team of sales and marketing professionals based in Calgary, Alberta, which oversee business-to-business sales efforts.

Famous Brandz

Operations

Famous Brandz was incorporated under the OBCA on September 28, 2015 under the name 2484875 Ontario Inc. It was subsequently renamed Cannabrand Inc. on October 1, 2015 and adopted its current name on August 29, 2016, pursuant to respective changes to the Famous Brandz articles. Famous Brandz is headquartered at 124 Merton Street, Toronto, ON, M4S 2Z2, and its registered office is located at 28 Westgate Boulevard, Toronto, ON, M3H 1N7.

Pursuant to the Corporate Reorganization, High Tide acquired all of Famous Brandz's outstanding shares. Raj Grover is the sole director, and the Chief Executive Officer and President of Famous Brandz. Mr. Grover continues to hold these offices as of the date of this Prospectus.

Famous Brandz licenses trademarks associated with leading cannabis culture brands established by celebrities and entertainment companies, such as Snoop Dogg Pounds, Trailer Park Boys, Cheech & Chong's Up in Smoke, and Jay and Silent Bob. Relying on its trademark licenses, Famous Brandz designs and manufactures branded smoking accessories and other alternative lifestyle products. Famous Brandz sells its products through business-to-business distribution channels and through e-commerce business-to-customer retail.

Famous Brandz maintains relationships with an extensive network of distributors, wholesalers and retailers with a presence across Canada, the U.S. and Europe and it sells a majority of its products in the U.S. market. Famous Brandz's products are sold by both brick-and-mortar retailers as well as several major e-commerce platforms focused on the cannabis sector.

Following the manufacturing and import of products into the U.S., Famous Brandz's inventory is stored by an arm's length party (the "**LA Facility Operator**") in a third-party facility in Los Angeles, California (the "**LA Facility**"). Famous Brandz's products remain at the LA Facility until U.S.-destined orders are generated for them. The orders are then fulfilled by the staff of the LA Facility Operator. Pursuant to an MOU entered by Famous Brandz and the LA Facility Operator, Famous Brandz pays for all expenses related to the operations of the Facility, including any preapproved staff salaries and expenses. Also pursuant to the aforementioned MOU, Famous Brandz compensates the LA Facility Operator by the payment of an amount equal to 1% of the gross sales of Famous Brandz in the U.S. and Europe on orders fulfilled by the LA Facility. This operating structure permits Famous Brandz to minimize shipping times and costs, which Famous Brandz considers to be strategically important to compete in the U.S. market.

As at the date of this Prospectus, Famous Brandz has developed a diversified network of distributors. During 2017, no single distributor accounted for more than 10% of Famous Brandz's sales. Famous Brandz also distributes its products outside of North America, primarily to Europe. European orders are fulfilled solely out of the aforementioned warehouse in Calgary. A very small proportion of wholesale distribution exists outside of Canada, the U.S. and Europe. In the past, Famous Brandz has made wholesale sales to customers in other countries, including Australia, Aruba, New Zealand and South Africa. Famous Brandz does not consider sales to these countries to be financially or strategically material in the aggregate.

Famous Brandz maintains its own e-commerce platform, as well as Twitter and Instagram pages. Subject to age verification, customers can purchase smoking accessories and receive customer support directly from Famous Brandz at the FamousBrandz.com web address.

The Company intends for Famous Brandz's smoking accessories and alternative lifestyle products to retail in conjunction with cannabis products, as permitted under applicable federal and provincial legislation.

Regulation of Branded Cannabis Accessories

The *Cannabis Act* prohibits sales of certain branded cannabis accessories in Canada. The *Cannabis Act* and the *Cannabis Regulations*, in their present form, do not generally prohibit the import and export of branded cannabis accessories and only restrict the import and export of branded cannabis accessories which contain cannabis as specified in Schedule 4 of the *Cannabis Act*. No Famous Brandz products contain cannabis at the time of their sale.

Famous Brandz has redirected the sale of its branded Famous Brandz products to international markets and will continue to do so as required to maintain sales and to comply with the *Cannabis Act* and *Cannabis Regulations*. As at the date of this Prospectus, the significant majority of branded Famous Brandz products are currently sold to customers outside of Canada.

Furthermore, Famous Brandz carries many lines of products that are fully compliant with the *Cannabis Act* and the *Cannabis Regulations* dealing with branded cannabis accessories and continues to sell those product lines through distributors and retailers in Canada.

Famous Brandz will ensure that branded cannabis accessories that are prohibited under the *Cannabis Act* and the *Cannabis Regulations* will not be sold in Canada or the U.S., as applicable, directly or indirectly.

Marketing Plans and Strategies

Famous Brandz relies on a team of sales and marketing professionals based in Toronto, Ontario, which manage Famous Brandz's brand licensing and oversee both business-to-business and business-to-customer sales efforts. Famous Brandz has participated in several major North American trade-shows and other cannabis industry events with the objective of creating links with a maximum number of well-regarded retailers of smoking accessories.

Famous Brandz has a small online footprint and uses email marketing campaigns focused on consumers. Famous Brandz has worked with advertising agencies to create its online media presence, which include pages on Twitter, Facebook and Instagram, as well as online ad campaigns. It is expected that Famous Brandz will maintain its current approach to sales and marketing to the extent allowed under the legislation and regulations of each respective jurisdiction.

CANNABIS OUTLETS

Canna Cabana

Operations

Canna Cabana was incorporated under the ABCA on February 22, 2018. Canna Cabana is headquartered at 2634-45th Avenue S.E., Unit 149, Calgary, Alberta, T2B 3M1, and its registered office is located at 120-4954 Richard Road S.W., Calgary, Alberta, T3E 6L1. High Tide is the sole shareholder of Canna Cabana.

Raj Grover is the sole director, and is the President and Secretary-Treasurer of Canna Cabana. Mr. Grover continues to hold these offices as of the date of this Prospectus.

At the date of this Prospectus, Canna Cabana has begun its retail operations for the sale cannabis, of various smoking accessories and other items at brick-and-mortar stores following the deregulation of adult recreational use of cannabis on October 17, 2018. Products sold include, but are not be limited to, smoking accessories manufactured and distributed by Famous Brandz and RGR. Several new Canna Cabana outlets are currently being opened by the Company. Furthermore, one franchised Smoker's Corner location is being bought out by the Company and will be converted into a corporate-owned Canna Cabana cannabis retail outlet, and another franchised Smoker's Corner location is converting to a franchised Canna Cabana location. Additionally, five corporate-owned Smoker's Corner locations will convert their operations to Canna Cabana cannabis retail outlets.

Canna Cabana has negotiated one Canna Cabana Franchise Agreement with an existing Smoker's Corner franchise owner which, subject to certain conditions such as the deregulation of cannabis for adult use in the province where the franchisee intends to operate a franchise, the franchise owner's Smoker's Corner franchise location will convert into a Canna Cabana location. This franchisee is presently subject to a Smoker's Corner Franchise Agreement, and intends to surrender the balance of the term of their Smoker's Corner Franchise Agreement upon entering into a Canna Cabana Franchise Agreement.

Canna Cabana participated in job fairs in Calgary and Edmonton beginning in the month of September, 2018 and hired approximately 100 new staff members to work at the Canna Cabana stores which have begun to open across Alberta following the deregulation of cannabis for adult use. All Canna Cabana employees are, and future employees will be, required to meet the applicable requirements put into place by the AGLC for cannabis workers.

Canna Cabana intends to implement policies across its franchises and corporate-owned stores to ensure the standardization of products and services, hours of operation, employee training and employee workwear.

The Company, through its wholly-owned subsidiary Canna Cabana, built, owns and maintains CannaCabana.com, a website through which it intends to distribute cannabis and/or smoking accessories and/or other alternative lifestyle products, subject to, among other factors, the enactment of provincial and federal legislation permitting the distribution of cannabis, smoking accessories, and other related products over the internet by private retailers.

The typical Canna Cabana retail outlet store footprint is expected to be between 1,000 and 2,000 sq. feet. On August 7, 2018, the Company announced that it had finalized the store designs for its Canna Cabana chain of cannabis retail outlets. The final designs were created in collaboration with an award-winning Calgary-based interior design firm, and incorporate elements designed in accordance with the Company's proprietary knowledge of cannabis consumers from the Operating Subsidiaries.

Canna Cabana will ensure that any branded cannabis accessories that it sells in its stores will comply with the *Cannabis Act* and the *Cannabis Regulations*.

Licenses

Both Canna Cabana and KushBar were established to apply for and obtain licenses to operate legal cannabis retail outlets in several Canadian provinces, and particularly in Alberta. In order to apply for retail licences in Alberta, an applicant must first secure (at least conditionally) appropriate retail space for the retail outlet. There are a maximum of 37 licenses that any applicant can apply for in Alberta, being that no group of persons can have more than 15% of a total of 250 retail cannabis store licenses in Alberta. The Company intends for Canna Cabana and KushBar combined to apply for 37 licenses in Alberta.

As of the date of this Prospectus, the operations of Canna Cabana and KushBar have: (i) secured 35 retail spaces under either conditional or unconditional lease contracts in Alberta (ii) have applied to the AGLC for cannabis retail licenses, and (iii) have applied to various municipalities to obtain development permits for each prospective cannabis retail location.

Alberta – AGLC Licenses

The process of applying to the AGLC for a cannabis retail license begins with a submission to the AGLC of an initial application package which must include, among various other items, a completed application for cannabis license form, a floor plan of the proposed premises, a site plan of the surrounding businesses, and a copy of an offer to lease obtained by the applicant in respect of the proposed cannabis retail outlet location. Concurrently with, or subsequent to, the submission of the initial application package, the applicant must submit to the AGLC an applicant disclosure package containing a completed applicant disclosure form, associated applicant disclosure form (to be completed by corporate entities only), and a personal disclosure form. The information contained in the applicant disclosure package is used by the AGLC to conduct background checks on the applicant and any associates and key employees of the applicant. Once the initial application and applicant disclosure packages are submitted, they are reviewed by the AGLC. During the review process the AGLC, among other steps, posts the cannabis retail license application online to give the general public an opportunity to object to the application. As of the date of this Prospectus, none of the cannabis retail license applications submitted to the AGLC by Canna Cabana or, to the Company's knowledge, its franchisees, have been objected to by the general public. Applicants must receive municipal approvals in respect of their proposed cannabis retail outlet in order to qualify for final approval from the AGLC for a cannabis retail license. If the AGLC completes its review and deems the application to be eligible, the applicant is required to submit further documentation prior to a license being issued. This documentation includes, among other items, an executed copy of the lease agreement in respect of the proposed cannabis retail outlet, approved development permit, city business license, and fire approval.

The costs associated with submitting a cannabis retail license application to the AGLC in respect of a single store location are the following: (i) a \$400 non-refundable application fee, (ii) a \$700 annual license fee and (iii) a \$3,000 initial deposit for the background checks that the AGLC will run in connection with

the application. In the event that the AGLC requires additional funds to complete the background checks, the applicant will have to provide such funds to the AGLC. Any portion of the \$3,000 initial deposit that is not used by the AGLC will be refunded to the applicant. The foregoing costs do not include any legal, accounting, or other ancillary costs that may be incurred by an applicant in connection with a cannabis retail license application.

At the date of this Prospectus, the Company, through Canna Cabana, has been granted three AGLC licenses to open cannabis retail outlets. All such locations have received a development permit from the relevant municipal authorities, and one has begun cannabis retail operations.

Furthermore, on October 19, 2018, the Company facilitated an amalgamation with Smiley's Cannabis & Budz Ltd. and an Alberta numbered company incorporated by High Tide for the purposes of the transaction (the "**Amalgamation**"). The business objective of the Amalgamation was to allow Canna Cabana to acquire a cannabis retail development permit awarded by the Town of Okotoks to Smiley's Cannabis & Budz Ltd. The Amalgamation resulted in the creation and temporary existence of an additional subsidiary of High Tide, which was dissolved prior to the filing of this Prospectus.

The Company, through Canna Cabana, has submitted to the AGLC 26 cannabis retail license applications in respect of corporate-owned cannabis retail outlets; while one proposed Canna Cabana franchisee has submitted to the AGLC a cannabis retail license application. The locations of the Alberta applications vary, with multiple submissions in the major cities of Calgary and Edmonton, as well as submissions in smaller centres including Beaumont, Bonnyville, Canmore, Cochrane, Fort McMurray, Fort Saskatchewan, Grande Prairie, Lacombe, Lethbridge, Okotoks, Olds, Red Deer, Stony Plain, Strathmore, Vegreville and Whitecourt. At the date of this Prospectus, the AGLC has granted three cannabis retail licenses to corporate-owned cannabis retail outlets.

On August 20, 2018, the AGLC awarded Canna Cabana a one-year conditional approval to apply for cannabis retail licenses. The conditional licence indicates that it is valid (i) until a full investigation of the applicant by the AGLC is complete, and (ii) contingent on any major changes to the Company being reported to the AGLC before they occur.

Alberta – Development Permits

The process to obtain the development permit, building permit and business licence required in respect of a proposed cannabis retail outlet depends on municipal law requirements which vary by municipality within a given province. As an example of the municipal law requirements the Company may face, the following is a description of the current process to set up a cannabis retail outlet in the City of Calgary. This process may not be representative of the procedures in a different Alberta municipality, or in municipalities located in other provinces.

In order to operate a cannabis retail outlet in the City of Calgary, Alberta, a prospective cannabis retail outlet operator must first obtain from the City of Calgary a development permit, building permit and business licence in respect of the proposed cannabis retail outlet (in addition to obtaining a cannabis retail license from the AGLC). The process for obtaining the necessary permits begins with the prospective cannabis retail outlet operator submitting an application to the City of Calgary. The application requires the prospective operator to disclose, among other things, applicant information, business details, ownership information, land use details (including site plans), and proposed construction or alteration details (to an existing building, if applicable). After an application is submitted, various steps must be completed by the operator and the City of Calgary including, but not limited to, a review by the City of Calgary of the application, the posting of a notice outside of the proposed location for the cannabis retail outlet and the advertisement to the public of the proposed location so as to give the public an opportunity to object to the proposed cannabis retail outlet, a further detailed review by the City of Calgary of the application, and a decision by the City of Calgary in respect of the application. As of the date of this Prospectus, only two of the cannabis retail outlet development permit applications submitted to the City of

Calgary by the Company or, to the Company's knowledge, its franchisees, has been objected to by the general public.

The Company, through Canna Cabana, has applied for seven municipal development permits in Calgary, Alberta, three municipal development permits in Edmonton, Alberta, and for a total of 22 applications for municipal development permits in other municipalities in Alberta, all of which are in respect of corporate-owned Canna Cabana stores. In addition to Calgary and Edmonton, the Company has applied for municipal development permits in the Alberta municipalities of Airdrie, Beaumont, Bonnyville, Cochrane, Fort McMurray, Fort Saskatchewan, Grand Prairie, High River, Lacombe, Lethbridge, Lloydminster, Medicine Hat, Okotoks, Olds, Red Deer, St. Albert, Stony Plain, Strathmore, Vegreville and Whitecourt. One Canna Cabana franchisee has submitted a cannabis retail license application to the AGLC, and has also applied for a municipal development permit in the relevant municipality.

As at the date of this Prospectus, Canna Cabana, directly and indirectly through the franchisee that has negotiated a Canna Cabana Franchise agreement, has 23 Canna Cabana cannabis retail locations which have received fully approved development permits in Alberta, and 10 other locations which have submitted applications for development permits and have not yet received approval.

Most of the municipal development permit applications submitted by Canna Cabana and its franchisee are currently under review by the relevant municipalities. See "RISK FACTORS – NO EXISTING MARKET AND UNCERTAIN REGULATORY FRAMEWORK" and "RISK FACTORS – REGULATORY RISKS".

Saskatchewan

Canna Cabana submitted 16 cannabis retail license applications to the Saskatchewan Liquor and Gaming Authority ("SLGA"). On June 1, 2018, the SLGA made 51 cannabis retail permits available through a request for proposal process, and none of Canna Cabana's applications were selected. Notwithstanding Canna Cabana's inability to secure any permits through its initial license applications, Canna Cabana intends to obtain cannabis retail outlet permits in Saskatchewan either through further selection processes which may be held by the SLGA or through the acquisition of corporate entities which are themselves licence permit holders. The SLGA has provided guidance that an issued cannabis retail license is non-transferable. As a result, although the owner of a cannabis retail business is permitted to sell that business, the purchaser will be required to apply and qualify for a permit before taking over the business. Given that the Company, through Canna Cabana, has already qualified in Saskatchewan to be eligible for a permit, it is believed to be more likely than it would have been otherwise that Canna Cabana will be issued a permit upon purchasing one of the businesses granted one in the lottery.

Other Canadian Provinces

In British Columbia, applications for cannabis retail licenses were accepted beginning on August 10, 2018. Pursuant to the *Cannabis Control and Licensing Interim Regulation (British Columbia)*, the maximum number of cannabis retail licences that can be held by a single applicant is eight. The Company intends to establish the maximum allowable amount of cannabis retail outlets in British Columbia. The Company, through Canna Cabana, is currently in the process of securing locations and applying for the maximum number of retail licenses in British Columbia.

On October 17, 2018, the Ontario *Cannabis Act* was enacted, confirming the framework for future private retail of cannabis in Ontario, which is expected to be allowed starting in April, 2019. Canna Cabana does not intend to enter into any Canna Cabana Franchise Agreements in the province of Ontario, and plans for any future cannabis retail outlets which may be opened in Ontario to be corporate-owned. Canna Cabana intends to submit applications for cannabis retail licenses in Ontario as soon as the licensing process has been established.

In addition to the above, Canna Cabana intends to apply for licenses in certain other Canadian provinces which will allow private sector entrants.

Canna Cabana Franchise Agreements

Following the execution of a Canna Cabana Franchise Agreement by franchisees and Canna Cabana, Canna Cabana will most likely undertake to provide a fully turn-key service to assist franchisees in opening their own Canna Cabana cannabis retail outlets.

Pursuant to the terms of each Canna Cabana Franchise Agreement, Canna Cabana will charge franchisees an ongoing royalty of 10% of their Canna Cabana store's gross revenues on cannabis products sold, payable monthly, while gross revenues from accessories sold will not attract a royalty payment, plus an additional 0.5% of gross revenues that is to be allocated to a brand development fund managed by Canna Cabana.

The Canna Cabana franchise disclosure document provides a comprehensive list of the initial franchise fees required to operate a Canna Cabana location. These fees include an initial franchise fee of \$60,000 payable on the signing of a Canna Cabana Franchise Agreement. The Canna Cabana franchise disclosure document indicates that such fees are "fully earned and non-refundable upon payment", but that they may be refunded and the franchise agreement terminated if a store for the franchise is not located, and a license to sell cannabis is not received, within twelve (12) months. As Canna Cabana oversees the signing of each franchise agreement on a case-by-case basis, the franchise fees could be waived.

Each franchisee, under the terms of the Canna Cabana Franchise Agreement, will be required to pay all costs and expenses required in order to design, construct, fixture, equip, furnish and improve and otherwise complete the Canna Cabana store so that it will be ready to be opened to the public for business.

The Canna Cabana Franchise Agreements may be terminated immediately upon written notice if there is a default, as prescribed under the Canna Cabana Franchise Agreement or any associated agreement between Canna Cabana and the franchisee. The following constitutes a non-exhaustive list of events of default under the Canna Cabana Franchise Agreement:

- (a) If the franchisee fails to pay any amount owed to Canna Cabana, or certain other specified parties, within five days of a written notice being given to the franchisee relating to such default and requesting the franchisee to cure said default within such delay;
- (b) If the franchisee ceases to comply and fully meet with any of the requirements or obligations prescribed in the Canna Cabana Franchise Agreement, the law, or certain other specified agreements or documents which according to Canna Cabana's opinion may not be cured, or following seven days written notice given to the franchisee relating to such default that has not been cured within such delay;
- (c) If the franchisee, one or any of its directors, officers and shareholders is convicted of any indictable criminal offence;
- (d) If the franchisee fails at any time to comply with the highest standards of safety and sanitation required by applicable law and by Canna Cabana, which default has not been rectified within 48 hours following a written notice; and
- (e) If the franchisee ceases to hold for any reason whatsoever any permit, certificate, licence or other authorization required by law to operate the Canna Cabana business.

Following the termination of a Canna Cabana Franchise Agreement, Canna Cabana may, subject to applicable provincial and municipal legislation, may assume control of the applicable Canna Cabana location and any operations governed by the applicable Canna Cabana Franchise Agreement.

The Canna Cabana Franchise Agreements have an initial term of 10 years commencing on the date of the opening of the Canna Cabana store to the public and expire on the 10th anniversary thereof or on the expiration of the applicable franchisee's lease, whichever date is earlier. The Canna Cabana Franchise

Agreements may also be terminated prior to the expiry of the term of the agreement upon certain events, including, but not limited to, certain events of default discussed herein.

The Canna Cabana Franchise Agreements contain a right of first refusal in favour of Canna Cabana whereby Canna Cabana has the right to receive notice of any third-party proposal received by a franchisee in regards to the franchised business or the Canna Cabana Franchise Agreement and may exercise an option within 14 days of receipt of the notice and purchase under the same terms and conditions as those provided in the offer to purchase received by the franchisee.

Leases

In addition to the single franchised location, the Company intends to open 32 wholly-owned flagship Canna Cabana cannabis retail outlets in Alberta by June 30, 2019 and additional locations in other provinces. As of the date of this Prospectus, the Company, through Canna Cabana, has entered into 31 conditional or unconditional leases in Alberta for retail locations for its flagship Canna Cabana cannabis retail outlets. The conditional leases generally contain a condition in favour of the Company, covering the permitted use of the premises, meaning that if the Company does not receive a permit or license for cannabis retail purposes for the specific premises, the Company is able to cancel the lease with little or no cost to the Company.

In conjunction with the signing of leases, Canna Cabana entered into contracts totaling \$5.9 million with three building contractors for the construction of leasehold improvements relating to 24 retail outlets across Alberta.

Marketing Plans and Strategies

Canna Cabana has worked with advertising agencies to create its online media presence, which include pages on Twitter, Facebook and Instagram, as well as online ad campaigns. It intends to lead ad campaigns targeting consumers following the deregulation of cannabis for adult use to the extent allowed in the province of Alberta.

KushBar

Operations

KushBar was incorporated under the ABCA on January 9, 2018. The head office of the KushBar is located at 2634-45th Avenue S.E., Unit 149, Calgary, Alberta, T2B 3M1, and its registered office is located at 1413-2nd Street S.W., Calgary, Alberta, T2R 0W7.

Pursuant to the articles of incorporation of KushBar, the authorized share capital of KushBar consists of an unlimited number of class A common shares, class B common shares, class A preferred shares and class B preferred shares. KushBar's class A common shares are the only class entitled to vote at all shareholder's meetings with each share being afforded one vote. All other classes of share capital of KushBar are entitled to vote only at their respective separate meetings of shareholders for their given class of shares, in each case together with any holders of class A common shares. At the date of this Prospectus, class A common shares account for all of the issued and outstanding share capital of KushBar.

The Company controls 50.1% of the outstanding and issued voting class A common shares of KushBar and funds and controls its operations. The balance of the outstanding and issued voting share capital of KushBar is held by the Company's business partner Alex Shtein.

KushBar intends, if permitted under applicable regulatory frameworks, to develop and operate cannabis retail outlets wherever permissible across Canada. KushBar's current proposed retail outlets will be corporate-owned, though KushBar intends to open both corporate-owned and franchise retail outlets in the future. As KushBar intends that its retail outlets shall be operated independently from Canna

Cabana retail outlets, at the date of this Prospectus, there were no formalized plans to coordinate the selection of KushBar and Canna Cabana locations.

KushBar intends to participate in staff recruitment efforts once its intended retail outlets approach their opening date. All KushBar employees are, and future employees will be, required to meet the applicable requirements put into place by the AGLC for cannabis workers.

Licenses and Development Permits

The Company, through KushBar, has submitted to the AGLC four cannabis retail license applications in respect of corporate-owned cannabis retail outlets. The locations of the Alberta applications vary, with submissions in Camrose, Lloydminster, Medicine Hat and Morinville. KushBar has not yet obtained an approval from the AGLC to apply for cannabis retail licenses, and has not secured any AGLC licenses.

As at the date of this Prospectus, the Company, through KushBar, has received a fully approved development permit for four cannabis retail location in Alberta.

Leases

In addition to the single franchised location, the Company intends to open four wholly-owned flagship KushBar cannabis retail outlets, all to be located in Alberta by June 30, 2019. As of the date of this Prospectus, the Company, through KushBar, has entered into four conditional or unconditional leases.

Kush West

Operations

Kush West was incorporated under the ABCA on January 8, 2018, under the name SC DC 01 Inc., which was subsequently changed, by way of amendment to Kush West's articles, to "Kush West Distribution Inc." on June 22, 2018. The head office of the Kush West is located at 2634-45th Avenue S.E., Unit 149, Calgary, Alberta, T2B 3M1, and its registered office is located at 120-4954 Richard Road S.W., Calgary, Alberta, T3E 6L1. High Tide is the sole shareholder of Kush West.

Raj Grover is the sole director, and is the President and Secretary-Treasurer of Kush West. Mr. Grover continues to hold these offices as of the date of this Prospectus.

Kush West intends to participate in staff recruitment efforts once it is confirmed that it will be able to develop its wholesale operations. All Kush West employees are, and future employees will be, required to meet the applicable requirements put into place by the SLGA for cannabis workers.

Licenses

Subject to applicable federal and provincial legislation, the Company, through Kush West, intends to sell cannabis at the wholesale level, meaning Kush West will be permitted to source cannabis products from licenced producers and sell to private retailers. The Company, through Kush West, has submitted to the SLGA a wholesale cannabis permit application for the province of Saskatchewan, which is awaiting processing. In connection with the wholesale cannabis permit application, Kush West has entered into a conditional lease for an approximately 8,100 square foot warehouse in Regina, Saskatchewan. At the date of this Prospectus, the Company did not expect its wholesale cannabis permit application to be approved and/or a wholesale permit to be issued until late in 2018.

COMPETITIVE CONDITIONS

Competitive Conditions of the Company

Competitive conditions vary significantly among the Subsidiaries. Certain competitive conditions applicable to the Cannabis Outlets and Kush West due to new operations are outlined below. See "RISK FACTORS".

Competitive Conditions of Cannabis Outlets

In the legal recreational cannabis market in Canada, Canna Cabana or KushBar and their franchisees will face intense competition from other retailers, some of which can be expected to have greater financial resources, market access and manufacturing and marketing experience than Canna Cabana or KushBar. Increased competition by numerous independent cannabis retail outlets and larger and better financed competitors could materially and adversely affect the business, financial condition and results of the proposed operations of Canna Cabana or KushBar and their franchisees. Because of the preliminary stage of the recreational cannabis market in which Canna Cabana or KushBar intend to operate, Canna Cabana and KushBar expect to face additional competition from new entrants. To remain competitive, Canna Cabana and KushBar will require a continued high level of investment in research and development, marketing, sales and client support. Canna Cabana or KushBar may not have sufficient resources to maintain research and development, marketing, sales and client support efforts on a competitive basis which could materially and adversely affect the business, financial condition and operating results of Canna Cabana or KushBar.

It is anticipated that Canna Cabana or KushBar and their franchisees will face intense competition from current producers and retailers of medical cannabis, some of which have been operating for several years. Such producers and retailers possess established cannabis supply sources, supply chain frameworks, retail outlets and consumer bases. Additionally, current producers and retailers of medical cannabis have more experience in complying with current applicable federal regulatory frameworks than Canna Cabana and KushBar.

Competitive Conditions of Kush West

To the Company's knowledge, as of the date of this Prospectus, only one wholesale license has been issued by the SLGA. The SLGA has indicated that there is no limit to the number of wholesale permits it will issue and no deadline to apply. For these reasons, the Company expects that several additional competitors will enter the Saskatchewan cannabis wholesale market.

Furthermore, as cannabis retailers become more established in the province of Saskatchewan, the Company expects that the demand for wholesale recreational cannabis will stabilize and that certain licensed wholesalers may not be capable of operating profitably. The principal competitive factors on which the Company expects to compete with other SLGA-licensed wholesalers are the quality and variety of cannabis products sold, inventory turnover, asset utilization ratios, and the turnaround time required to fulfill orders.

FUTURE DEVELOPMENTS

If federal, provincial and/or municipal regulations relating to the deregulation of adult recreational use of cannabis are not implemented in a timely manner or in a manner which would permit the proposed businesses of the Cannabis Outlets to be economic, the Company will continue to operate and re-focus its expansion efforts towards the businesses of the Operating Subsidiaries and other potential retail and franchise opportunities.

INTELLECTUAL PROPERTY PROTECTION

High Tide believes that trademarks and other intellectual property rights are important to its success and its competitive position, and, therefore, has devoted resources to the protection of its intellectual property rights. In particular, registered trademarks and designs are valuable assets that distinguish the Company's brand and reinforce customer's positive perception its products and stores.

The following is a complete list of trademarks of the Company that have been applied for and/or are registered in Canada with the Registrar of Trademarks of Canada:

Trademark Name	Canadian Registration Number	Canadian Application Number	Status ⁽¹⁾
Smoker's Corner	TMA906,046	1626712	Registered
Devil Design	TMA906,131	1626811	Registered
High5 Papers	TMA906,257	1677770	Registered
RGR Canada Inc. Design	TMA906,259	1626820	Registered
Arabian Knights	TMA906,260	1626823	Registered
Vodka Glass Design	TMA906,216	1626825	Registered
Zero-Gravity	TMA909,030	1683613	Registered
Z-Tube	TMA909,031	1683614	Registered
Nectar	TMA918,794	1690181	Registered
Organic Instinct Papers	TMA925,870	1677768	Registered
Leafline Papers	TMA925,871	1677769	Registered
Atomik	TMA926,979	1683606	Registered
Monster Mask	TMA926,980	1683610	Registered
VAP.R	TMA926,981	1683612	Registered
SIC	TMA930,202	1683611	Registered
Tokin' Tuesday	TMA932,036	1659018	Registered
Puff Puff Pass	TMA940,707	1626713	Registered
Canna Cabana	-	1851025	Pending
Famous Brandz Design ⁽²⁾	-	1840295	Pending
Famous X	-	1879487	Pending

Notes:

- (1) Trademarks for which the status is listed as "Registered" have been admitted by the Canadian Intellectual Property Office. Trademarks for which the status is listed as "Pending" are not yet registered. The Company expects the registration process to be complete in 2019, subject to any objection by the Canadian Intellectual Property Office.
- (2) The "Famous Brandz Design" is also registered in the European Union with the European Union Intellectual Property Office under the EU Registration number 16989535.

The following is a complete list of trademarks of the Company that have been applied for and/or are registered in the U.S. with the U.S. Patent and Trademark Office:

Trademark Name	American Registration Number	American Application Number	Status ⁽¹⁾
Famous X	-	87743253	Pending
Smoker's Corner	5,212,135	-	Registered
High5 Papers	4,894,197	-	Registered
Famous Brandz	-	-	Abandoned ⁽²⁾

Notes:

- (1) Trademarks for which the status is listed as "Registered" have been admitted by the U.S. Patent and Trademark Office. Trademarks for which the status is listed as "Pending" are not yet registered. The Company expects the registration process to be complete in 2019, subject to any objection by the U.S. Patent and Trademark Office.
- (2) The American registration for the U.S. trademark "Famous Brandz" was abandoned due to delay following opposition from the U.S. Patent and Trademark Office.

In addition to any trademarks and other intellectual property, the Company and its Subsidiaries operate several website domain names, social media accounts and other related online content (including the intellectual property rights therein) which are valuable assets and may be protected. Standards, specifications and operating procedures are also maintained by the Company or its Subsidiaries as confidential proprietary business information.

REGULATORY FRAMEWORK

Cannabis

On October 17, 2018, the *Cannabis Act* came into force as law with the effect of legalizing adult recreational use of cannabis across Canada. The *Cannabis Act* replaced the ACMPR and the IHR, both of which came into force under the *Controlled Drugs and Substances Act* (Canada) (the "**CDSA**"), which previously permitted access to cannabis for medical purposes for only those Canadians who had been authorized to use cannabis by their health care practitioner. The ACMPR replaced the *Marihuana for Medical Purposes Regulations* (Canada) (the "**MMPR**"), which was implemented in June 2013. The MMPR replaced the *Marihuana Medical Access Regulations* (Canada) (the "**MMAR**") which was implemented in 2001. The MMPR and MMAR were initial steps in the Government of Canada's legislative path towards the eventual legalization and regulating recreational and medical cannabis.

The *Cannabis Act* permits the recreational adult use of cannabis and regulates the production, distribution and sale of cannabis and related oil extracts in Canada, for both recreational and medical purposes. Under the *Cannabis Act*, Canadians who are authorized by their health care practitioner to use medical cannabis have the option of purchasing cannabis from one of the producers licensed by Health Canada and are also able to register with Health Canada to produce a limited amount of cannabis for their own medical purposes or to designate an individual who is registered with Health Canada to produce cannabis on their behalf for personal medical purposes.

Pursuant to the *Cannabis Act*, subject to provincial regulations, individuals over the age of 18 are able to purchase fresh cannabis, dried cannabis, cannabis oil, and cannabis plants or seeds and are able to legally possess up to 30 grams of dried cannabis, or the equivalent amount in fresh cannabis or cannabis oil. The *Cannabis Act* also permits households to grow a maximum of four cannabis plants. This limit applies regardless of the number of adults that reside in the household. In addition, the *Cannabis Act* provides provincial and municipal governments the authority to prescribe regulations regarding retail and distribution, as well as the ability to alter some of the existing baseline requirements of the *Cannabis Act*, such as increasing the minimum age for purchase and consumption.

Provincial and territorial governments in Canada have made varying announcements on the proposed regulatory regimes for the distribution and sale of cannabis for adult-use purposes. For example, Québec, New Brunswick, Nova Scotia, Prince Edward Island, Yukon and the Northwest Territories have chosen the government-regulated model for distribution, whereas Saskatchewan and Newfoundland & Labrador

have opted for a private sector approach. Alberta, Ontario, Manitoba, Nunavut and British Columbia have announced plans to pursue a hybrid approach of public and private sale and distribution.

In connection with the new framework for regulating cannabis in Canada, the Federal Government has introduced new penalties under the *Criminal Code* (Canada), including penalties for the illegal sale of cannabis, possession of cannabis over the prescribed limit, production of cannabis beyond personal cultivation limits, taking cannabis across the Canadian border, giving or selling cannabis to a youth and involving a youth to commit a cannabis-related offence.

On July 11, 2018, the Federal Government published regulations in the Canada Gazette to support the *Cannabis Act*, including the Cannabis Regulations, the new Industrial Hemp Regulations (the Industrial Hemp Regulations together with the Cannabis Regulations, collectively, the “**Regulations**”), along with proposed amendments to the Narcotic Control Regulations and certain regulations under the *Food and Drugs Act* (Canada). The Regulations, among other things, outline the rules for the legal cultivation, processing, research, analytical testing, distribution, sale, importation and exportation of cannabis and hemp in Canada, including the various classes of licences that can be granted, and set standards for cannabis and hemp products. The Regulations include strict specifications for the plain packaging and labelling and analytical testing of all cannabis products as well as stringent physical and personnel security requirements for all federally licensed production sites. The Regulations also maintain a distinct system for access to cannabis. With the *Cannabis Act* now in force, cannabis has ceased to be regulated under the CDSA and is instead regulated under the *Cannabis Act*, and both the ACMPR and the IHR have been repealed effective October 17, 2018.

Alberta

On November 30, 2017, the Government of Alberta passed Bill 26, which contains the regulatory framework for recreational cannabis sales in Alberta. Bill 26 amends the *Gaming and Liquor Act* (Alberta) (to be named the *Gaming, Liquor and Cannabis Act* (the “**Alberta Cannabis Act**”) upon the proclamation of Bill 26) to govern the purchase, distribution, sale and consumption of recreational cannabis in the province. Under the *Alberta Cannabis Act*, cannabis distribution in Alberta will be carried out through a hybrid retail model under the oversight of the AGLC. The cannabis distribution framework in the *Alberta Cannabis Act* provides that private retailers will be able to open licensed cannabis dispensaries, such as those proposed to be operated by the Company and its franchisees, in Alberta, upon such private retailers obtaining a cannabis retail license from the AGLC. The *Alberta Cannabis Act* further states that online distribution of cannabis will initially be restricted to government entities.

On February 16, 2018, the Government of Alberta released amendments to the *Gaming and Liquor Regulation* (Alberta) establishing regulations (the “**Alberta Regulations**”) for the sale of recreational cannabis in Alberta, including the licensing of privately-owned cannabis retail outlets. The Alberta Regulations stipulate, among other restrictions, that:

- no one person can have more than 15% of cannabis retail licenses in Alberta and no group of persons can have more than 15% of the cannabis retail licenses in Alberta where, in the opinion of the AGLC, the cannabis retail licenses are or would likely be subject to common control in any material respect;
- cannabis retailers are required to hire individuals that are over eighteen years of age, have successfully completed training requirements set by the AGLC, and that have passed a criminal background check;
- cannabis retail stores cannot be located within 100 meters of a provincial health care facility or a school;
- cannabis retail stores cannot be open outside the hours of 10 a.m. and 2 a.m.;
- cannabis retail stores must implement inventory tracking, count and sales systems and security measures, including alarms, video surveillance and secured product storage;
- cannabis consumption at cannabis retail outlets is prohibited;

- cannabis suppliers and their representatives cannot offer, nor can cannabis retail licensees accept, perks such as loans, money, rebates, concessions, discounts, furnishings, storage equipment, fixtures, decorations, signs, supplies or any thing of value; and
- transfers of cannabis retail licenses are prohibited, and any change in ownership of a cannabis retail outlet business must be preapproved by the AGLC.

No definitive number of cannabis retail licenses have been set for a single retailer under the Alberta Regulations. However, current maximal number of retail licenses available to a single retailer in Alberta is 37 given that the Alberta Regulations do not allow persons to hold more than 15% of the total number of retail licenses in the province, and the Alberta government has indicated that it will currently not allow more than 250 cannabis retail licenses to be issued.

There is no assurance that all of the 33 Canna Cabana cannabis retail outlets, one of which will be franchised, and the four KushBar cannabis retail outlets that the Company intends to open in the province of Alberta will be permitted to open.

British Columbia

On December 5, 2017, the Government of British Columbia announced a hybrid retail and distribution model that would allow private retail distribution of cannabis through dispensaries. The announcement noted that the provincial Liquor Distribution Branch would handle wholesale distribution of cannabis and both public and private retail dispensaries, such as those proposed to be operated by the Company, would be eligible to operate in the province.

On February 5, 2018, the Government of British Columbia announced that, among other matters:

- the rules governing recreational cannabis retail stores will be similar to those currently in place for liquor retail stores;
- public and private retailers will have similar operating rules; and
- recreational cannabis retail stores will not be co-located with any other businesses, such as liquor stores or pharmacies.

On April 26, 2018, the Government of British Columbia introduced bill C-30, the *Cannabis Control and Licensing Act* (the “**BC Cannabis Act**”), which, along with the proposed bill C-31, the *Cannabis Distribution Act*, contains the legal framework for recreational cannabis sales in British Columbia. The BC *Cannabis Act* provides clarity to the proposed retail framework announced by the Government of British Columbia on February 5, 2018. The BC *Cannabis Act*, among other things:

- sets the minimum age to purchase, sell or consume recreational cannabis in British Columbia as 19;
- stipulates that adults will be allowed to possess up to 30 grams of cannabis in a public space;
- prohibits the use of cannabis on school properties and in vehicles; and
- authorizes adults to grow up to four cannabis plants per household, other than in properties that are used as day-cares, and requires that such plants not be visible from public spaces off the property.

The BC *Cannabis Act* was passed on May 17, 2018 and subsequently received royal assent on May 31, 2018. On July 9, 2018, the *Cannabis Control and Licensing Interim Regulations* (British Columbia) and the *Cannabis Transitional Regulation* (British Columbia) came into force. The *Cannabis Control and Licensing Interim Regulations* (British Columbia) provided a framework for the licensing of private retailers of cannabis. On October 17, 2018, the *Cannabis Control and Licensing Interim Regulations* (British Columbia) and the *Cannabis Transitional Regulation* (British Columbia) were repealed.

In their place, three new regulations came into force on October 17, 2018: the *Cannabis Licensing Regulation* (British Columbia) (the “**British Columbia Regulations**”), *Cannabis Control Regulation* (British Columbia), and the *Cannabis Control and Licensing Transitional Regulation* (British Columbia).

The British Columbia Regulations establish the regime governing the sale of recreational cannabis in British Columbia, including the licensing of privately-owned cannabis retail outlets. The British Columbia Regulations:

- do not set a maximum number of licenses to be awarded, but stipulate that an applicant for a retail store licence or group of related persons must not hold more than 8 retail store licences;
- set out the two classes of licences; retail store licences and marketing licences;
- authorize the security manager to carry out investigations and background checks;
- set out general rules and requirements with respect to licences;
- establish the framework for compliance and enforcement, including the schedule for administrative monetary penalties and suspensions for non-compliance by licensees; and
- prohibit the opening of cannabis or consumption of cannabis in licenced retail stores and government cannabis stores.

There is no assurance that all of the 8 Canna Cabana cannabis retail outlets that the Company intends to open in the province of British Columbia will be permitted to open.

Saskatchewan

On January 8, 2018, the Government of Saskatchewan released details of the provinces proposed distribution framework whereby the SLGA would initially licence approximately 60 private cannabis retail applicants in 40 Saskatchewan municipalities and First Nation communities. Private cannabis retailers will only be permitted to sell cannabis, cannabis accessories and ancillary items in standalone storefront operations. In addition to private cannabis retail shops, Saskatchewan will also permit the private sector to provide cannabis at the wholesale level, meaning the private sector will be permitted to source cannabis products from licenced producers and sell to private retailers, such as those proposed to be operated by the Company. On March 14, 2018, the Government of Saskatchewan released its framework for the deregulation of cannabis for adult use, provided details regarding its plan for the distribution, sale and use of cannabis in Saskatchewan, and began the selection process for the 51 cannabis retail permits available in the province. Out of the 51 cannabis retail permits granted by the SLGA in Saskatchewan, none were granted to a Canna Cabana.

The Cannabis Control (Saskatchewan) Act (“**Saskatchewan Cannabis Act**”) received royal assent on May 30, 2018. On October 17, 2017, *The Cannabis Control (Saskatchewan) Regulations* (“**Saskatchewan Regulations**”) came into force. The Saskatchewan Regulations sets out a detailed regime for the sale of cannabis in Saskatchewan, including the conditions required to obtain retail store and wholesale permits, as well as the conditions under which transfers of permits are allowed.

There is no assurance that the business that the Company intends to open in the province of Saskatchewan will be permitted to open.

Ontario

On September 8, 2017, the Government of Ontario announced its proposed plan to give the existing LCBO the oversight of retail sales of recreational cannabis in Ontario, upon the deregulation of cannabis for adult use in Canada. On December 12, 2017, the Ontario government passed the *Cannabis Control Act, 2017* (Ontario) (“**Cannabis Control Act**”), which regulates certain aspects of the lawful use, sale and distribution of recreational cannabis. Ontario’s legislative and regulatory framework sets out, among other matters:

- creates a new provincial retailer overseen by the LCBO, the Ontario Cannabis Retail Corporation, to manage the distribution of recreational cannabis through stand an LCBO-controlled online order and distribution service, which together, will comprise the only channels through which consumers will be able to legally purchase recreational cannabis in Ontario;
- sets a minimum age of 19 to use, buy, possess and cultivate cannabis in Ontario; and
- allows the smoking or vaping of cannabis wherever smoking of tobacco is permitted.

On October 17, 2018, the *Cannabis Statute Law Amendment Act, 2018* came into force and amended several aspects of Ontario's cannabis regulatory regime, including the *Cannabis Control Act*, and enacted the *Ontario Cannabis Act*.

The Ontario *Cannabis Act* sets out the licensing scheme for private cannabis retail stores in Ontario and will be administered by the Alcohol and Gaming Commission of Ontario (“AGCO”). The AGCO is expected to begin accepting licensing applications in December 2018.

Retailers will be required to hold a general retail operator licence, as well as a retail store authorization for each premises. Certain employees occupying positions of authority at retail stores will be required to hold cannabis retail manager licences. Licences and authorizations will not be transferable. Licensees under the *Cannabis Act* (Canada) who are authorized to produce cannabis for commercial purposes, and their affiliates, will be collectively limited to a single retail store authorization. While there will be no arbitrary cap placed on the number of licences and authorizations available, the province may impose a limit in the future.

On November 14, 2018, the Government of Ontario enacted O. Reg. 468/18 under the Ontario *Cannabis Act* (the “**Ontario Regulations**”). The Ontario Regulations govern several elements of the framework for the licensing of private cannabis retail in Ontario. The Ontario Regulations allow applicants and their affiliates to hold up to 75 retail store licenses. Authorized cannabis retail outlets may sell cannabis accessories, such as certain smoking accessories, in the same location as cannabis is sold. The Ontario Regulations and the Ontario *Cannabis Act* together provide that federally licensed producers of cannabis and their affiliates cannot obtain more than one cannabis retail store license in Ontario.

There is no assurance that the Canna Cabana and KushBar cannabis retail outlets that the Company intends to open in the province of Ontario will be permitted to open.

Manitoba

On November 7, 2017, the Government of Manitoba announced a hybrid retail and distribution model that would allow private retail distribution of cannabis through dispensaries. The announcement stated that all cannabis sold in retail stores must be purchased from the Manitoba Liquor and Lotteries Corporation, which will source product from federally licensed producers, and that provincial regulation of wholesaling, distribution and retail in Manitoba will be through the Liquor and Gaming Authority. On December 5, 2017, the Government of Manitoba introduced Bill 11, *The Safe and Responsible Retailing of Cannabis Act (Liquor and Gaming Control Act and Manitoba Liquor and Lotteries Corporation Act Amended)* (“**Bill 11**”), which contains the regulatory framework for recreational cannabis sales in Manitoba.

On February 16, 2018, following a request for proposals issued on November 7, 2017 seeking applicants to operate cannabis retail outlets, the Government of Manitoba announced that it conditionally accepted proposals from four organizations, which does not include the Company, to operate cannabis retail outlets in Manitoba.

Bill 11 was accented on June 4, 2018 and amended *The Liquor and Gaming Control Act* (Manitoba) and *The Manitoba Liquor and Lotteries Corporation Act* to authorize and regulate the retail sale of cannabis in Manitoba when such sales are permitted by the federal government.

Quebec

On June 12, 2018, the Government of Quebec assented *An Act to constitute the Société québécoise du cannabis, to enact the Cannabis Regulation Act and to amend various highway safety-related provisions* was assented ("**Quebec Cannabis Act**"). The Québec Cannabis Act only allows the newly-constituted Société Québécoise du Cannabis to purchase cannabis from a producer, arrange for its transportation and storage, and sell it, with certain exceptions. The Company's proposed franchise and retail business model for Canna Cabana and KushBar is not viable in Quebec under the current regulatory framework under the Quebec Cannabis Act.

Other Provinces and Territories

The governments of the provinces of New Brunswick, Nova Scotia, Prince Edward Island, and the territories of the Yukon and the Northwest Territories have enacted legislation restricting cannabis distribution to government owned entities. The Company's proposed franchise and retail business model for Canna Cabana and KushBar is not viable in the above provinces and territories under their current regulatory frameworks.

The Government of Newfoundland and Labrador has enacted legislation allowing for the sale of cannabis by retailers. However, the Company did not intend to pursue opportunities in the province of Newfoundland and Labrador at the time of this Prospectus.

Franchise

Smoker's Corner, Canna Cabana and KushBar are each subject to provincial franchise requirements, municipal and local laws, provincial laws regulating the offer and sale of franchises in Canada through the provision of franchise disclosure documents containing certain mandatory disclosures, and various provincial laws regulating the franchise relationship. Although the Company believes that its franchise disclosure documents, together with any applicable province-specific versions or supplements, and its franchising procedures comply in all material respects with all applicable provincial laws regulating franchising in those provinces in which it offers and grants new franchise arrangements, noncompliance could adversely impact the Company's fundraising activities and thereby reduce anticipated royalty income, which in turn could materially adversely affect the Company's business, financial condition and results of operations.

Three provinces in Canada, in which the Company has granted franchises, and intends to grant further franchises, being Ontario, Alberta and British Columbia, have franchise statutes and regulations. These franchise laws require a disclosure document or statement of a material change to be issued to prospective franchisees containing prescribed information. Failure to comply with these statutes can result in a prospective franchisee having the right to rescind the franchise agreement, without penalty or obligation, for up to 60 days after receipt of the disclosure document, if the franchisor failed to provide the disclosure document or statement of material change within the time period prescribed or if the contents did not meet the requirements set out in the relevant legislation, or for a period of up to two years after entering into the franchise agreement if the franchisor failed to provide the disclosure document. In addition, if a franchisee suffers a loss because of a misrepresentation contained in the disclosure document or in a statement of a material change or as a result of the franchisor failing to comply with the disclosure requirements, a franchisee has a right of action for damages. These rights are in addition to any other rights a franchisee may have at law.

The franchisee will covenant in the franchise agreement that they shall obtain and at all times maintain and keep in good standing, any and all permits, certificates and licenses necessary for the proper conduct of the franchised business. If the franchisee breaches the franchise agreement, the franchisor will have the right to terminate the agreement. There will also be rights of the franchisor to inspect the business, use of trademarks, books and records to ensure compliance with the franchise agreement.

ADDITIONAL DISCLOSURE FOR U.S. OPERATIONS

Smoker's Corner and the Cannabis Outlets only maintain business operations in Canada. In contrast, RGR and Famous Brandz manufacture, distribute and sell products internationally. A significant portion of the business of RGR and Famous Brandz is obtained from the sale of their smoking accessories in the U.S.

MARIJUANA REMAINS ILLEGAL UNDER U.S. FEDERAL LAW

The cultivation, sale and use of cannabis is illegal under federal law pursuant to the U.S. Controlled Substance Act of 1970 (the "**CSA**"). Under the CSA, the policies and regulations of the U.S. Federal Government and its agencies are that cannabis has no medical benefit and a range of activities including cultivation and the personal use of cannabis is prohibited. The Supremacy Clause of the U.S. Constitution establishes that the U.S. Constitution and federal laws made pursuant to it are paramount and in case of conflict between federal and state law, the federal law shall apply.

On January 4, 2018, U.S. Attorney General Jeff Sessions issued a memorandum to U.S. district attorneys which rescinded previous guidance from the U.S. Department of Justice specific to cannabis enforcement in the U.S., including the Cole Memo. With the Cole Memo rescinded, U.S. federal prosecutors have been given discretion in determining whether to prosecute cannabis related violations of U.S. federal law. If the Department of Justice policy was to aggressively pursue financiers or equity owners of cannabis-related business, and U.S. Attorneys followed such Department of Justice policies through pursuing prosecutions, then the Company could face (i) seizure of its cash and other assets used to support or derived from its cannabis subsidiaries, and (ii) the arrest of its employees, directors, officers, managers and investors, who could face charges of ancillary criminal violations of the CSA for aiding and abetting and conspiring to violate the CSA by virtue of providing financial support to state-licensed or permitted cultivators, processors, distributors, and/or retailers of cannabis. Additionally, as has recently been affirmed by U.S. Customs and Border Protection, employees, directors, officers, managers and investors of the Company who are not U.S. citizens face the risk of being barred from entry into the U.S. for life.

Unless and until the U.S. Congress amends the CSA with respect to medical and/or adult-use cannabis (and as to the timing or scope of any such potential amendments there can be no assurance), there is a significant risk that federal authorities may enforce current U.S. federal law. If the U.S. federal government begins to enforce U.S. federal laws relating to cannabis in states where the sale and use of cannabis is currently legal, or if existing applicable state laws are repealed or curtailed, the Company's business, results of operations, financial condition and prospects would be materially adversely affected.

Despite the current state of the federal law and the CSA, the States of California, Nevada, Massachusetts, Maine, Washington, Oregon, Colorado, Vermont and Alaska, and the District of Columbia, have legalized recreational use of cannabis. Massachusetts and Maine have not yet begun recreational cannabis commercial operations. In early 2018, Vermont became the first state to legalize recreational cannabis by passage in a state legislature, but does not allow commercial sales of recreational cannabis. Although the District of Columbia voters passed a ballot initiative in November 2014, no commercial recreational operations exist because of a prohibition on using funds for regulation within a federal appropriations amendment to local District spending powers.

In addition, over half of the U.S. states have enacted legislation to legalize and regulate the sale and use of medical cannabis, provided that certain states have legalized and regulate the sale and use of medical cannabis with strict limits on the levels of THC. However, there is no guarantee that state laws legalizing and regulating the sale and use of cannabis will not be repealed or overturned, or that local governmental authorities will not limit the applicability of state laws within their respective jurisdictions.

The Company believes that its U.S. operations can benefit from the opportunities presented as a result of the changing regulatory environment governing the cannabis industry in the U.S. Accordingly, there are a number of significant risks associated with the U.S. business of the Company. Unless and until the U.S.

Congress amends the CSA with respect to medical and/or adult-use cannabis (and as to the timing or scope of any such potential amendments there can be no assurance), there is a significant risk that federal authorities may enforce current federal law, and the business of the Company may be deemed to be involved in acts in violation of federal law in the U.S. See “RISK FACTORS”.

NOT BELIEVED TO BE IN BREACH OF U.S. FEDERAL LAWS

The Company, through the activities of its subsidiaries Famous Brandz and RGR, may be indirectly deriving a portion of its revenues from activities ancillary to the cannabis industry in certain U.S. states if its smoking accessories are purchased for the intended use of consumption of adult-use and/or medical cannabis. The Company’s products can be used to consume any legal herbs such as tobacco, essential oils, concentrates and other products which are not cannabis. At the time of this Prospectus, the Company is not aware of non-compliance with any U.S. laws.

ABILITY TO ACCESS AMERICAN PUBLIC AND PRIVATE CAPITAL

The Company and its subsidiaries are Canadian-incorporated companies which have historically relied on the Canadian capital markets to raise the funds required for its business needs. Should the Company seek to rely on U.S.-based capital markets in the future, its ability to do so could be adversely impacted by the Company’s current operations which may be ancillary to the cannabis industry in certain U.S. states.

RELATIONSHIP WITH THIRD PARTIES

The Company and its subsidiaries rely on relationships with numerous business partners and third party service providers located in the U.S. Unless and until the U.S. Congress amends the CSA with respect to medical and/or adult-use cannabis (and as to the timing or scope of any such potential amendments there can be no assurance), there is a significant risk that business partners and third party service providers may be required to suspend or withdraw services and business relationships to avoid prosecution by U.S. federal authorities under U.S. federal laws.

CURRENT U.S. INVOLVEMENT

For the three quarters ending July 31st 2018, the following estimated percentages of the activities of the Company and its Subsidiaries were related to the U.S.:

	Estimated U.S. Related Value (CAD\$) for the three quarters ended July 31 st 2018	Estimated U.S.-Related Proportion for the three quarters ended July 31 st 2018	Estimated U.S. Related Value (CAD\$) for the year ended October 31 st 2017	Estimated U.S.-Related Proportion for the year ended October 31 st 2017
Current Assets ⁽¹⁾	\$382,120	3.4%	\$631,496	6.0%
Long Term Asset ⁽¹⁾	-	0.0%	-	0.0%
Total Assets ⁽¹⁾	\$382,120	3.2%	\$631,496	5.7%
Current Liabilities ⁽¹⁾	-	0.0%	-	0.0%
Long Term Liabilities ⁽¹⁾	-	0.0%	-	0.0%
Revenue	\$857,291	12.9%	\$1,619,248	16.2%
Cost of Sales	\$498,943	16.6%	\$1,240,505	23.5%
Gross Margin	\$358,347	9.8%	\$378,742	8.0%
Total Expenses ⁽³⁾	\$405,536	9.3%	\$479,526	12.8%
Net Income ⁽⁴⁾	(\$47,189)	N/A	(\$100,784)	Under 5%

Notes:

- (1) High Tide holds inventory in the US with a third party company responsible for warehousing and distribution. High Tide has no other US assets or liabilities. High Tide does hold US denominated receivables and payables which have been excluded from these figures as they relate to Canadian operations (primarily purchase of goods for sale).
- (2) For the three quarters ended July 31st 2018, gross U.S. sales represent approximately \$0.8mm or 11.8% of consolidated eliminated revenue for the Company. High Tide as estimated that at least \$0.2mm of \$0.3mm in discounts relate to US Sales. Accordingly High Tide has estimate US Revenue at \$0.6M or 8.5% of consolidated eliminated revenue for the Company.
- (3) Associated expenses for sales are realized in Canada and not split by geography. A value has been estimated based on percent of revenue.
- (4) Famous Brandz (which realizes most of the Company's U.S. sales) is currently not profitable, meaning that nearly all of the net profits of the Company are generated outside of the USA.

USE OF PROCEEDS

OFFERING OF SPECIAL WARRANTS

The net proceeds from the sale of the Special Warrants pursuant to the Offering were \$16,988,561. The Company will not receive any additional proceeds from the Offering upon the exercise or deemed exercise of the Special Warrants. As at October 31, 2018, the Company had estimated current working capital of \$7 million.

The Company has used, or intends to use, the proceeds of the Offering and its other available funds as follows:

Principal Purpose	Amount Expended/To Be Expended
Retail Acquisitions ⁽¹⁾	\$3,000,000
Canna Cabana New Stores & Smoker's Corner Upgrades ⁽²⁾	\$5,891,718
New Office and Warehouse Leasehold Improvement Costs ⁽³⁾	\$1,100,000
Cannabis Product Inventory ⁽⁴⁾	\$1,000,000
Human Capital ⁽⁵⁾	\$525,000
Famous Brandz Product Licenses ⁽⁶⁾	\$350,000
IT Systems ⁽⁷⁾	\$250,000
Unallocated Working Capital.....	\$4,871,843
Net Funds Raised by the Offering.....	\$16,988,561

Notes:

- (1) Anticipated to be expended prior to December, 2018. The Company is considering a number of domestic strategic acquisitions (See "DESCRIPTION OF THE BUSINESS – Strategic Plans"). The acquisition targets include various locations for cannabis retail outlets across Canada, as it is the Company's strategy to purchase and to own favourable locations to establish cannabis retail outlets. At an average expected cost of \$200,000, 15 locations could be purchased for \$3,000,000. The Company is considering purchases in any or all of British Columbia, Saskatchewan and Alberta. As of the date of this Prospectus, it was anticipated that the funds would be used for 5 acquisitions in Alberta, 2 acquisitions in Saskatchewan and 8 acquisitions in British Columbia.
- (2) Anticipated to be expended prior to January, 2019. This amount is comprised of agreements with three building contractors for the construction of 24 retail outlets across Alberta.
- (3) Anticipated to be expended prior to December 31, 2018. This amount is comprised of the costs to construct new offices and install warehouse equipment at the Company's new headquarters in Calgary, Alberta, which it expects to occupy by the end of 2018.
- (4) Anticipated to be expended prior to November, 2018. This amount is comprised of the following costs: (i) \$100,000 per location for the purchase of inventory for 10 locations (these sums will be used for 8 new Canna Cabana stores and 2 Smoker's Corner conversions into Canna Cabana stores). The Company expects to fund an additional 4 new Canna Cabana stores from operating cash flows.
- (5) Anticipated to be expended prior to November, 2019. This amount is comprised of the following costs: (i) cost to hire 7-10 new employees at an average cost of \$52,500 per annum each.
- (6) Anticipated to be expended prior to May 2019. This amount is comprised of the following costs: (i) estimated cost to convert 3 current license negotiations into binding license agreements (with expected upfront payments of \$150,000, \$100,000 and \$100,000 to separate negotiating parties).
- (7) Anticipated to be expended prior to November, 2018. This amount is comprised of the following costs: (i) an estimated \$150,000 required to implement Sage X3; (ii) an estimated \$50,000 to implement COVA; and (iii) an \$50,000 to hire a temporary IT Project Manager on a six-month contract.

Pending the use of proceeds, the Company may hold in cash or invest all or a portion of the proceeds of the Offering in short-term, interest bearing, investment-grade securities.

The Company intends to spend the funds available to it as stated in this Prospectus; however, there may be circumstances where, for sound business reasons, a reallocation of the funds may be necessary in order for the Company to achieve its stated business objectives. The actual use of the available funds will vary depending on the Company operating and capital needs from time to time and will be subject to the discretion of management of the Company.

BUSINESS OBJECTIVES AND MILESTONES

The Company's business objectives and the significant events that must occur for each such business objective to be accomplished are as follows:

Business Objective	Milestones	Estimated Cost of Business Objective	Time Period
Canna Cabana to acquire retail stores where organic opportunities may not exist. As of the date of this Prospectus, it was anticipated that the funds would be used for 5 acquisitions in Alberta, 2 acquisitions in Saskatchewan and 8 acquisitions in British Columbia.	Closing on the acquisition of commercial spaces in various provinces to establish cannabis retail outlets across Canada.	\$3,000,000	Current to December 2018
Canna Cabana to open numerous corporately-owned locations and convert five existing corporately-owned Smoker's Corner stores and two Smoker's Corner franchised locations in Alberta (one of which is becoming a corporately-owned store).	Opening of each Canna Cabana location.	\$5,891,718	Current to December 2018
The Company to construct new offices and install new warehouse equipment at the Company's new headquarters.	Completion of construction and installation.	\$1,100,000	Current to December 2018
To purchase inventory to be sold in corporate-owned Canna Cabana and KushBar locations.	The purchase of inventory of non-cannabis products and, upon the deregulation of cannabis for adult use, cannabis products.	\$1,000,000	Current to November 2018
The Company to add human capital to facilitate growth.	Hiring staff for management positions, for retail stores and other needs.	\$525,000	Current to November 2018

Famous Brandz to acquire further product licenses.	Execution of licensing agreements with respective parties.	\$350,000	Current to May 2019
The Company to add IT Systems in the form of point-of-sale retail systems as well as an inventory management and accounting system.	Construction and opening of cannabis retail outlets.	\$250,000	Current to November 2018
Unallocated working capital	At the Company's discretion for the construction of more retail stores, for human capital, and for retail acquisitions, among other uses.	\$5,963,562	Current to December 2018

DIVIDEND POLICY

The Company has never declared or paid any dividends on its Common Shares.

There are no restrictions in the Company's articles or elsewhere, other than customary general solvency requirements, which would prevent the Company from paying dividends. All of the Common Shares are entitled to an equal share in any dividends declared and paid on such Common Shares. It is anticipated that all available funds will be invested to finance the growth of the Company's business and accordingly it is not contemplated that any dividends will be paid on the Common Shares in the immediate or foreseeable future.

The directors of the Company will determine if, and when, dividends will be declared and paid in the future from funds properly applicable to the payment of dividends based on the Company's financial position at the relevant time.

SELECTED FINANCIAL INFORMATION AND MANAGEMENT'S DISCUSSION AND ANALYSIS

SELECTED FINANCIAL INFORMATION OF THE COMPANY

The following selected combined/consolidated financial information has been derived from and is qualified in its entirety by the Combined Financial Statements and the Interim Financial Statements of the Company, and should be read in conjunction with such financial statements and the related notes thereto along with the MD&A thereto, which are included in Schedules "A" to "D" of this Prospectus. All financial statements of the Company discussed in this Prospectus are prepared in accordance with IFRS, and were approved by a resolution of the board of directors of the Company on October 28, 2018.

	As at and for the three months ended July 31, 2018 (unaudited)	As at and for the year ended October 31, 2017 (audited) ⁽¹⁾	As at and for the year ended October 31, 2016 (audited) ⁽¹⁾
Revenue.....	\$2,174,640	\$9,993,246	\$8,439,984
Cost of Sales.....	\$(997,698)	\$(5,285,496)	\$(4,045,923)
Total Expenses.....	\$1,884,123	\$3,748,911	\$2,722,495
Net Income (Loss).....	\$(615,095)	\$577,305	\$1,215,758
Net Income (Loss) Per Share – Basic.....	\$(0.00) ⁽²⁾	\$0.05 ⁽³⁾	\$3.04 ⁽³⁾
Net Income (Loss) Per Share – Diluted.....	\$(0.00) ⁽²⁾	\$0.05 ⁽³⁾	\$3.04 ⁽³⁾

Total Assets.....	\$11,917,996	\$11,113,004	\$10,418,218
Total Non-Current Liabilities.....	NIL	\$(21,833)	\$(25,239)

Notes:

- (1) As the Cannabis Outlets and the Company were not incorporated until 2018, the financial information presented is based on combined financial data for Famous Brandz, RGR and Smoker's Corner.
- (2) See note 13 of the Interim Financial Statements.
- (3) See note 17 of the Combined Financial Statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The MD&A of the Company for the year ended October 31, 2017 and for the interim period ended July 31, 2018 are attached to this Prospectus as Schedules "C", and "D", respectively. The results of operations presented for the year ended October 31, 2017 reflect the combined operations of RGR, Smoker's Corner and Famous Brandz. The results of operations presented for the interim period ended July 31, 2018 reflect the combined operations of RGR, Smoker's Corner and Famous Brandz from November 1, 2017 until the Company's incorporation on February 8, 2018, after which the results of operations are reflected for the Company from incorporation until July 31, 2018.

The MD&A for the combined operations of RGR, Smoker's Corner, and Famous Brandz as well as for the Company should be read in conjunction with the respective financial statements and the accompanying notes thereto included in the prospectus. Certain information contained in the MD&A constitutes forward-looking statements. These statements relate to future events or to the Company's future financial performance and involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by such forward-looking statements. See "FORWARD-LOOKING INFORMATION" and "RISK FACTORS" in this Prospectus.

All MD&As of the Company discussed in this Prospectus were approved by a resolution of the board of directors of the Company on October 28, 2018.

DESCRIPTION OF SECURITIES DISTRIBUTED

AUTHORIZED AND ISSUED SHARE CAPITAL

At the date of this Prospectus, the authorized capital of the Company consists of an unlimited number of Common Shares, and an unlimited number of Class "B" and Class "C" shares. There are 151,749,911 Common Shares outstanding, and no Class "B" or "Class C" shares have been issued. See "CONSOLIDATED CAPITALIZATION".

Rights of the Common Shares

The holders of the Common Shares are entitled to: (a) vote at all meetings of shareholders except meetings at which only holders of a specified class of shares are entitled to vote, (b) receive dividends in the discretion of the directors exclusive of other classes of shares of the Company, and (c) to receive the remaining property of the Company under dissolution, equally with Class "B" and Class "C" shareholders.

Holders of Common Shares are not entitled to pre-emptive rights and the Common Shares are not subject redemption.

The Company currently has no rights (a) to repurchase its Common Shares, (b) providing for the redemption, retraction, purchase for cancellation or surrender of Common Shares, (c) providing for sinking or purchase fund provisions, (d) restricting the issuance of additional securities, or (e) allowing it to require additional contributions of capital.

SPECIAL WARRANTS

This Prospectus is being filed for the purpose of qualifying the distribution of 36,728,474 Common Shares and 18,364,236 Warrants, issuable upon the exercise or deemed exercise of the Special Warrants.

Pursuant to the Offering, the Company issued 13,307,418 Special Warrants at a price of \$1.38 per Special Warrant to eligible investors. The Special Warrants were created and issued under the Special Warrant Indenture.

Upon the terms and subject to the conditions contained in the Special Warrant Indenture, each Special Warrant entitles the holder thereof to acquire, upon the exercise or deemed exercise thereof, without additional payment, one Unit, subject to the Penalty, comprised of 2.76 Common Shares of the Company and 1.38 Warrants, and subject to adjustment in accordance with the terms and conditions of the Special Warrant Indenture. The Special Warrants will be deemed to be exercised on the earlier of (i) the fifth Business Day after the Qualification Date, and (ii) the Qualification Deadline.

The Common Shares issuable upon the exercise or deemed exercise of the Special Warrants will have the same rights as any other Common Shares of the Company. See “DESCRIPTION OF SECURITIES DISTRIBUTED – Rights of the Common Shares” for a description of the attributes of the Common Shares.

For more information, see the full text of the Special Warrant Indenture on the Company’s SEDAR profile at www.sedar.com.

WARRANTS

Each Warrant is exercisable to acquire one Common Share at the Exercise Price of \$0.75 per Warrant for a period of 24 months from the date of listing on the CSE. The Warrants will be subject to the Warrant Acceleration Right exercisable by the Company at its option if, for the preceding 10 consecutive trading days, the daily volume weighted average trading price of the Company’s Common Shares is greater than \$1.25 per Common Share (the “**Acceleration Price**”). If the Company provides notice that it intends to exercise the Warrant Acceleration Right, the accelerated expiry date of the Warrants will be the 30th calendar day following the date of such notice of exercise.

Following the listing of the Common Shares on the CSE, the Warrants will be subject to the Warrant Acceleration Right exercisable by the Company at its option if, for the preceding 10 consecutive trading days, the daily volume weighted average trading price of the Common Shares is greater than the Acceleration Price. If the Company provides notice that it intends to exercise the Warrant Acceleration Right, the accelerated expiry date of the Warrants will be the 30th calendar day following the date of such notice of exercise.

The Common Shares issuable upon the exercise or deemed exercise of the Warrants will have the same rights as any other Common Shares of the Company. See “DESCRIPTION OF SECURITIES DISTRIBUTED – Rights of the Common Shares” for a description of the attributes of the Common Shares.

For more information, see the full text of the Warrant Indenture on the Company’s SEDAR profile at www.sedar.com.

PRIOR ISSUED WARRANTS

The Company issued warrants of High Tide in exchange for previously issued warrants of Famous Brandz in conjunction with the Corporate Reorganization (“**Prior Issued Warrants**”). The Prior Issued Warrants can be exercised by the holders thereof to acquire 2.76 Common Shares for each Prior Issued Warrant at a price of \$0.497 per Prior Issued Warrant, subject to the Prior Issued Warrant Acceleration

Right (as defined hereunder) of the exercisable by the Company at its option. As at the date of this Prospectus, the Company has issued an aggregate of 1,194,590 Prior Issued Warrants. The Prior Issued Warrants were all issued in April, 2018 and expire 24 months from their respective date of issuance.

In the event that the closing price of the Common Shares on the CSE is at least \$0.696 per Common Share for a minimum of 10 consecutive trading days, the Company may provide written notice to the subscriber requiring the subscriber to exercise such Warrants within 30 days following the date of delivery of such written notice (the “**Prior Issued Warrant Acceleration Right**”).

BROKER WARRANTS

The Agents each received their respective Broker Warrant Certificates on the Closing Date. Each Broker Warrant Certificate entitles the designated holder thereof to purchase a specified number of Units, beginning upon the issue of the Broker Warrants, at any time prior to 5:00 p.m. (Toronto time) on the date (the “**Broker Warrant Exercise Period**”) which is 24 months following the Listing Date at a price of \$1.38 per Unit until the expiry of the Broker Warrant Exercise Period.

Each Unit shall comprise of 2.76 Common Shares and 1.38 Warrants. Each full Warrant shall entitle the holder thereof to purchase an additional one Common Share at a price of \$0.75 per Warrant, until 5:00 p.m. (Toronto time) on the date which is 24 months from the Listing Date.

Notwithstanding the foregoing, in the event that the daily volume weighted average trading price (or closing bid price on days when there are no trades) of the Common Shares on the CSE is at least \$1.25 per Common Share for a minimum of 10 consecutive trading days, the Company may within 20 Business Days of the end of such period of 10 trading days, upon giving written notice to the designated holder of the Broker Warrant Certificate and the issuance of a press release announcing the accelerated expiry, accelerate the Broker Warrant Exercise Period to a date which is not less than 30 days after the date of delivery of such written notice, and thereafter the rights represented by the Broker Warrant Certificate shall expire at 5:00 pm (Toronto time) on that day which is 30 days from the date such notice is given.

PRIOR ISSUED BROKER WARRANTS

The Company previously issued certain warrants allowing holders thereof to acquire Common Shares for each warrant (“**Prior Issued Broker Warrants**”). Unlike the Broker Warrants, which are exercisable into a Unit, consisting of 2.76 Common Shares and 1.38 Warrants, the Prior Issued Warrants are directly exercisable into Common Shares at a price of \$0.362 per Common Share. As at the date of this Prospectus, the Company has issued an aggregate of 670,680 Prior Issued Broker Warrants, all of which were issued in April, 2018 and which expire 24 months from their respective date of issuance.

LISTING SYMBOL

The Company has applied to list its Common Shares on the CSE under the symbol “HIT1”.

PURCHASERS’ STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

The Company has granted to each holder of a Special Warrant a contractual right of rescission of the Prospectus-exempt transaction under which the Special Warrant was initially acquired. The contractual right of rescission provides that if a holder of a Special Warrant who acquires another security of the issuer on exercise of the Special Warrant as provided for in the Prospectus is, or becomes, entitled under the securities legislation of a jurisdiction to the remedy of rescission because of the Prospectus or an amendment to the Prospectus containing a misrepresentation,

- (a) the holder is entitled to rescission of both the holder’s exercise of its special warrant and the private placement transaction under which the special warrant was initially acquired,

- (b) the holder is entitled in connection with the rescission to a full refund of all consideration paid to the underwriter or issuer, as the case may be, on the acquisition of the special warrant, and
- (c) if the holder is a permitted assignee of the interest of the original special warrant subscriber, the holder is entitled to exercise the rights of rescission and refund as if the holder was the original subscriber.

CONSOLIDATED CAPITALIZATION

There have been no material changes in the consolidated share and loan capital of the Company or its Subsidiaries since July 31, 2018 other than those occurring due to the Offering. The capitalization of the Company and its Subsidiaries as at July 31, 2018, both before and after giving effect to the Offering, is as follows, and must be read in conjunction with the Combined Financial Statements and the Interim Financial Statements that appear elsewhere in this Prospectus:

Description of Issued Securities (authorized)	Outstanding as at July 31, 2018	Outstanding as at as of the date hereof ⁽¹⁾	Outstanding as at the date hereof (after giving effect to the exercise of Special Warrants)
Common Shares	\$35,291,453	\$35,691,453	\$51,907,322 ⁽²⁾
(unlimited)	(150,949,911 Common Shares)	(151,749,911 Common Shares)	(188,478,385 Common Shares) ⁽³⁾
Debt	Nil	Nil	Nil

Notes:

- (1) Since July 31, 2018, the Company has issued 800,000 Common Shares at an issue price of \$0.50 per Common Share pursuant to the Amalgamation. See "PRIOR SALES".
- (2) The net proceeds of the Offering were \$16,988,561. The capitalization of the Company was reduced by a total of \$772,692 on account of the issuance of \$220,863 worth of Broker Warrants and \$551,829 worth of Warrants, each valued based on a Black-Scholes model with assumptions of: (i) a volatility of 30% and (ii) a risk-free interest rate of 2.27%.
- (3) 151,749,911 Common Shares currently outstanding and 36,728,474 Common Shares are to be issued upon exercise of the Special Warrants.

FULLY DILUTED SHARE CAPITAL

The following table sets out the anticipated fully diluted share capital of the Company as of the date hereof:

	Number of Securities as at the date of this Prospectus	% of total issued and outstanding	% of total fully diluted
Common Shares issued and outstanding	151,749,911	80.51%	68.27%
Common Shares to be issued on exercise of outstanding Special Warrants	36,728,474	19.49%	16.52%
Total issued and outstanding after giving effect to the exercise of Special Warrants	188,478,385	100%	-
Common Shares to be issued on exercise of the Warrants underlying the Special Warrants ⁽¹⁾	18,364,236	-	8.26%
Common Shares to be issued on exercise of outstanding Prior Issued Warrants ⁽²⁾	1,194,590	-	0.54%
Common Shares to be issued on exercise of outstanding Broker Warrants ^{(3) (4)}	2,387,350	-	1.07%

Common Shares to be issued on exercise of the Warrants underlying the Broker Warrants ^{(1) (4)}	1,193,675	-	0.87%
Common Shares to be issued on exercise of outstanding Prior Issued Broker Warrants ⁽⁵⁾	670,680	-	0.30%
Common Shares to be issued on exercise of Options ⁽⁶⁾	9,260,000	-	4.17%
FULLY DILUTED TOTAL:	222,291,616	-	100%

Notes:

- (1) For further description of the Warrants, please see "DESCRIPTION OF SECURITIES DISTRIBUTED".
- (2) For further description of the Prior Issued Warrants, please see "DESCRIPTION OF SECURITIES DISTRIBUTED".
- (3) For further description of the Broker Warrants, please see "DESCRIPTION OF SECURITIES DISTRIBUTED".
- (4) 864,982 Broker Warrants were issued, each Broker Warrant entitles the designated holder thereof to purchase a Unit, each Unit shall comprise of 2.76 Common Shares and 1.38 Warrants.
- (5) For further description of the Prior Issued Broker Warrants, please see "DESCRIPTION OF SECURITIES DISTRIBUTED".
- (6) For further description of the Options, please see "OPTIONS TO PURCHASE SECURITIES".

OPTIONS TO PURCHASE SECURITIES

EMPLOYEE STOCK OPTION PLAN

The board of directors of the Company adopted a stock option plan (the "**Stock Option Plan**") on June 19, 2018. The number of Common Shares which will be available for purchase pursuant to the Stock Option Plan, plus any other outstanding incentive stock options of the Company granted pursuant to a previous stock option plan or agreement, will not exceed ten percent (10%) of the number of Common Shares that are outstanding on a fully diluted basis immediately prior to the Common Share issuance or grant of a stock option ("**Option**"). Under the Stock Option Plan, Options may be granted to directors, officers, consultants, and employees of the Company or its Subsidiaries.

The Stock Option Plan provides that the grant date and the expiry date of an Option shall be the dates fixed by the board of directors or a committee of the board of directors to which the responsibility of approving the grant of stock options has been delegated ("**Committee**"), and shall be set out in the option certificate issued in respect of such Option. The period during which a particular Option may be exercised (the "**Exercise Period**") shall not exceed 10 years from the Grant Date. Additionally, Options may not be exercised during a black-out period unless the Committee determines otherwise.

The exercise price at which an Option may be used to purchase a Common Share shall be determined by the Committee and shall be set out in the option certificate issued in respect of such Option. The exercise price shall not be less than the market value for the Common Shares, and shall be subject to any adjustments as may be required to secure all necessary approvals of any securities regulatory bodies having jurisdiction over the Company, the Stock Option Plan or the Options.

Subject to any other terms that may be attached to an Option granted under the Stock Option Plan, an Option may be exercised in whole or in part at any time during the Exercise Period. Any Option or part thereof not exercised within the Exercise Period shall terminate and become null, void and of no effect as of the expiry date ("**Stock Option Plan Option Expiry Date**"). The Stock Option Plan Option Expiry Date shall occur at the earliest of the date fixed by the Committee, or the 30th day following the date the person ceases to hold their position other than by reason of death or disability, or sooner as prescribed by the Stock Option Plan.

Until the date of the issuance of the certificate of the Common Shares purchased pursuant to the exercise of an Option, no right to vote or receive dividends or any other right as a shareholder shall exist with respect to such Common Shares, notwithstanding the exercise of the Option, unless the Committee determines otherwise.

For more information, see the full text of the Stock Option Plan on the Company's SEDAR profile at www.sedar.com.

OPTIONS OUTSTANDING

As at date of this Prospectus, the Company intends to grant 9,260,000 Options, representing 4.8% of the Common Shares issued and outstanding as at the date of this Prospectus, as follows:

Category of Optionee	Number of Common Shares Under Option	Exercise Price ⁽⁵⁾	Expiry Date
Executive officers of the Company ⁽¹⁾	2,000,000	\$0.50	October 15, 2021
Directors of the Company ⁽²⁾	3,000,000	\$0.50	October 15, 2021
Other current and former employees of the Company and its Subsidiaries ⁽³⁾	1,300,000	\$0.50	October 15, 2021
Consultants of the Company ⁽⁴⁾	2,960,000	\$0.50	October 15, 2021

Notes:

- (1) There are 4 such optionees.
- (2) There are 5 such optionees.
- (3) There are 13 such optionees.
- (4) There are 16 such optionees
- (5) Market value of the securities under option at the date of the grant.

PRIOR SALES

This table sets out particulars of the Common Shares and securities exercisable for or exchangeable into Common Shares issued within the 12 months prior to the date of this Prospectus:

Date of Issuance/Grant	Type of Security	Number of Securities	Issue/Exercise Price
February 26, 2018	Common Shares	2,760,000	\$0.007
February 28, 2018	Common Shares ⁽¹⁾	107,639,999	\$0.190
April 18, 2018	Common Shares	4,912,800	\$0.362
April 18, 2018	Finder Warrants ⁽²⁾	271,308	\$0.362 ⁽¹¹⁾
April 30, 2018	Common Shares	5,313,000	\$0.362
April 30, 2018	Finder Warrants ⁽²⁾	399,372	\$0.362 ⁽¹¹⁾
April 30, 2018	Common Shares ⁽³⁾	30,324,120	\$0.497
April 30, 2018	Warrants ⁽⁴⁾	1,194,590	\$0.497
August 22, 2018	Special Warrants	6,489,659 ⁽⁷⁾	\$1.38 ⁽¹²⁾
August 22, 2018	Broker Warrants ⁽⁵⁾	421,828 ⁽⁸⁾	\$1.38 ⁽¹³⁾
October 2, 2018	Special Warrants	6,817,759 ⁽⁹⁾	\$1.38 ⁽¹²⁾
October 2, 2018	Broker Warrants ⁽⁵⁾	443,154 ⁽¹⁰⁾	\$1.38 ⁽¹³⁾
October 19, 2018	Common Shares ⁽⁶⁾	800,000	\$0.50

Notes:

- (1) Common Shares issued as consideration for the acquisitions of RGR and Smoker's Corner.
- (2) Issued to certain registrants in connection with a prior offering.
- (3) Common Shares issued as consideration for the acquisition of Famous Brandz.
- (4) Replacement warrants issued in the acquisition of Famous Brandz.
- (5) Issued to the Agents and certain registrants comprising the selling group in connection with the Offering.
- (6) Common Shares issued as consideration to the former shareholders of Smiley's Cannabis & Budz Ltd. pursuant to the Amalgamation.
- (7) 6,489,659 Special Warrants were issued on August 22, 2018. These Special Warrants are exercisable into 17,911,459 Units, comprised of 17,911,459 Common Shares and 8,955,729 Warrants (all on a post-Share Split basis).
- (8) 421,828 Broker Warrants were issued on August 22, 2018. Upon exercise, at a deemed exercise price of \$0.50 per Unit, these Broker Warrants are entitled to 1,164,245 Units comprised of 1,164,245 Common Shares and 582,122.6 Warrants (all on a post-Share Split basis).
- (9) 6,817,759 Special Warrants were issued on October 2, 2018. These Special Warrants are exercisable into 18,817,015 Units, comprised of 18,817,015 Common Shares and 9,408,507 Warrants (all on a post-Share Split basis).
- (10) 443,154 Broker Warrants were issued on October 2, 2018. Upon exercise, at a deemed exercise price of \$0.50 per Unit, these Broker Warrants are entitled to 1,223,105 Units comprised of 1,223,105 Common Shares and 611,552.5 Warrants (all on a post-Share Split basis).
- (11) The Finder Warrants were issued at no cost to the holders thereof, and are exercisable at \$0.362 for one Common Share.
- (12) The Special Warrants were issued at \$1.38, being a deemed price of \$0.50 per Special Warrant (on a post-Share Split basis), and each Special Warrant is comprised of 2.76 Common Shares and 1.38 Warrants. Each full Warrant is exercisable at \$0.75 for a further one Common Share.
- (13) The Broker Warrants were issued at no cost to the holders thereof, and are exercisable at \$1.38. Each Broker Warrant is comprised of 2.76 Common Shares and 1.38 Warrants. Each full Warrant is exercisable at \$0.75 for a further one Common Share.

ESCROWED SECURITIES

In the event that the Common Shares become listed on the CSE, the Company anticipates that it will be classified as an "emerging issuer", as defined under NP 46-201 upon such listing. Each of Raj Grover, Roza Grover, 2088550 Alberta Ltd., Grover Investments Inc. and Grover Family Trust (collectively, the "**Escrow Holders**") would fall within the definition of "principal" of an emerging issuer under NP 46-201. In accordance with applicable securities rules, the Escrow Holders will execute an escrow agreement with the Company and AST Trust Company (Canada) (the "**Escrow Agent**") substantially in the form attached as an Appendix to NP 46-201 (Form 46-201F1) (the "**Escrow Agreement**") in respect of an aggregate of 97,177,371 Common Shares and 181,373 Prior Issued Warrants prior to the filing of a final prospectus and a listing on the CSE.

10% of such securities held in escrow will be released from escrow on the date the Common Shares are listed on the CSE, and 15% every 6 months thereafter, subject to acceleration provisions provided for in NP 46-201.

The following table sets forth details of the securities of the Issuer to be held in escrow following the listing of the Common Shares on the CSE:

Type of Security	Number of Securities	% of Outstanding Common Shares	Release Schedule
Common Shares	97,177,371	51.56% ⁽¹⁾	10% released upon Listing on the CSE;
Prior Issued Warrants	181,373	0.10% ⁽²⁾	15% released 6 months from Listing; 15% released 12 months from Listing; 15% released 18 months from Listing; 15% released 24 months from Listing; 15% released 30 months from Listing; and 15% released 36 months from Listing.

Notes:

- (1) The percentage of outstanding Common Shares is presented on an undiluted basis after giving effect to the exercise of Special Warrants.
- (2) The percentage of outstanding Common Shares is presented on an undiluted basis after giving effect to the exercise of Special Warrants and after giving effect to the exercise of the Prior Issued Warrants held by the Escrow Holders.

PRINCIPAL SHAREHOLDERS

The following table lists those persons who own 10% or more of the issued and outstanding Common Shares of the Company as at the date of this Prospectus.

Name and Municipality of Residence of Shareholder	Ownership	Number of Common Shares	Percentage of Class ⁽²⁾
Harkirat (Raj) Grover⁽¹⁾	Beneficial and of Record	59,123,299	31.5%
Calgary, Alberta, Canada			
Roza Grover⁽¹⁾	Beneficial and of Record	22,564,420	12.0%
Calgary, Alberta, Canada			
Harkirat (Raj) Grover and Roza Grover⁽¹⁾	Beneficial ⁽³⁾	15,489,652	8.3%
Calgary, Alberta, Canada			

Notes:

- (1) Raj Grover and Roza Grover are non-arm's length parties.
- (2) The percentage of outstanding Common Shares is presented after giving effect to the exercise of Special Warrants on an undiluted basis.
- (3) Held in various non-arm's length entities, including 4,119,852 (2.2%) held by Grover Family Trust, 11,263,311 (6.0%) held by 2088550 Alberta Ltd., an entity wholly owned by Raj Grover and Roza Grover, and 106,489 (0.1%) held by Grover Investments Inc., an entity wholly owned by Raj Grover and Roza Grover.

THE DIRECTORS AND EXECUTIVE OFFICERS

PERSONAL DESCRIPTION

The following table sets forth certain information regarding the Company's current executive officers and directors the date of this Prospectus:

Name and Location of Residence	Age	Position(s)	Number of Common Shares Owned or Controlled
Harkirat (Raj) Grover ⁽¹⁾⁽²⁾ Calgary, Alberta, Canada	37	President, Chief Executive Officer, Director and Secretary/Treasurer	97,177,371 ⁽⁴⁾
Matthew Dexter Calgary, Alberta, Canada	33	Chief Financial Officer	0
Kevin Cornish Calgary, Alberta, Canada	34	Chief Operating Officer	69,000
Nicholas Kuzyk Calgary, Alberta, Canada	39	Chief Strategy Officer and SVP of Capital Markets	207,000
Andreas Palalas Toronto, Ontario, Canada	28	Chief Revenue Officer	55,200
Nader Ben Aissa ⁽¹⁾ Calgary, Alberta, Canada	38	Director	0
Arthur Kwan ⁽¹⁾⁽³⁾ Calgary, Alberta, Canada	45	Director	690,000
Paul Rosen ⁽²⁾⁽³⁾ Toronto, Ontario, Canada	54	Director	777,089
Nitin Kaushal ⁽²⁾⁽³⁾ Toronto, Ontario, Canada	53	Director	0

Notes:

- (1) Compensation Committee: Harkirat Grover is the chair and Nader Ben Aissa and Arthur Kwan are members of the Compensation Committee.
- (2) Nominating and Corporate Governance Committee: Paul Rosen is the chair and Harkirat Grover and Nitin Kaushal are members of the Nominating and Corporate Governance Committee.
- (3) Audit Committee: Nitin Kaushal is the chair and Paul Rosen and Arthur Kwan are members of the Audit Committee.
- (4) Mr. Grover directly controls 59,123,299 Common Shares (31.5% of Common Shares issued after giving effect to the exercise of Special Warrants on an undiluted basis). Mr. Grover and certain other non-arm's length parties account for ownership of 97,177,371 Common Shares (51.8% of Common Shares issued after giving effect to the exercise of Special Warrants on an undiluted basis). See "ESCROWED SECURITIES".

As of the date of this Prospectus, the directors, officers and promoters of the Company, as a group, directly or indirectly own 98,975,660 Common Shares, representing 52.7% of the issued and outstanding Common Shares after giving effect to the exercise of Special Warrants on an undiluted basis.

Executive Officers

Harkirat (Raj) Grover is our founder, and has served as President and Chief Executive Officer, and as Executive Chairman of our board of directors since incorporation of the Company in February, 2018. Mr. Grover has also served as a director and officer of the Subsidiaries since 2009. Mr. Grover is a national franchisor and serial entrepreneur with over 17 years of experience of successfully managing companies from early stages through to maturity. We believe Mr. Grover is qualified to serve on our board of directors due to his role as a founder of our Company, his deep knowledge of our Company and his extensive background in our industry.

Matthew Dexter, CPA, CMA, has served as our Chief Financial Officer since July, 2018. Mr. Dexter is a Senior Finance Professional with more than 10 years of experience working with CGAAP; USGAAP; IFRS and ASPE in accounting, reporting, planning and analytical capacities. From 2012 until joining the Company in 2018, Mr. Dexter was the Associate Vice President of Financial Planning & Analysis at Mark's Work Wearhouse Ltd., a Canadian retailer of industrial and casual apparel. Mr. Dexter holds a joint BA in Economics and Business from Acadia University, and an MBA in Management and Strategy from Saint Mary's University.

Kevin Cornish, CPA, CMA, has served as our Chief Operating Officer since February, 2018. In March of 2014, Mr. Cornish joined Alberta Lift & Equipment Rentals Inc., an equipment rental company focused on aerial equipment that services Southern Alberta, as its Chief Operating Officer and was promoted to Chief Operating and Financial Officer in October of 2015. Mr. Cornish assisted with the sale of Alberta Lift & Equipment Rentals Inc. to Cooper Equipment Rentals Limited and the subsequent transition until January, 2018. Mr. Cornish began his career in the field of audit and is a certified public accountant. Mr. Cornish holds a BComm and an MBA from Saint Mary's University.

Nicholas Kuzyk, MBA, has served as our Chief Strategy Officer, Senior Vice-President of Capital Markets and Director since April, 2018. Mr. Kuzyk brings to the Company over 15 years of experience in investor relations, mergers and acquisitions and business development. Between November of 2014 and March of 2018, Mr. Kuzyk was Manager of Investor Relations at Keyera Corp. (TSX:KEY), a midstream oil and gas operator, where he also served as a Corporate Development Advisor from August of 2013 to November of 2014. Mr. Kuzyk acts as the Treasurer of the Alberta chapter of the Canadian Investor Relations Institute (CIRI) and has also completed the CIRI/Ivey Strategic Management of Investor Relations Program. Mr. Kuzyk holds an HBA in Business Administration, Management, Strategy and Finance and an MBA from the Ivey Business School of Western University.

Andreas Palalas has served as our Chief Revenue Officer since May, 2018. Mr. Palalas is responsible for developing distribution channels, sourcing new market opportunities and overseeing the revenue portfolio of the Company. In October of 2014, Mr. Palalas joined Organics Live as a Regional Manager and served as Director of Business Development starting in October, 2015.

As at the date of this Prospectus, Matthew Dexter, Kevin Cornish and Nicholas Kuzyk have entered into confidentiality agreements with the Company. Matthew Dexter, Kevin Cornish and Nicholas Kuzyk have not entered into non-competition agreements with the Company. Raj Grover was not subject to the terms of a formal engagement agreement with the Company, or non-competition or non-disclosure agreements.

Non-Employee Directors

Nader Ben Aissa, JD, has served as a member of our board of directors since August, 2018. Mr. Ben Aissa is a lawyer at Hooey and Company Lawyers in Calgary, Alberta. He specializes in commercial law with a wide range of experience in corporate governance, equity financing, and mergers and acquisitions. Mr. Ben Aissa holds a JD from the University of British Columbia and is a member of the Law Society of Alberta since being called to the Bar in the province of Alberta in 2015. We believe Mr. Ben Aissa is qualified to serve on our board of directors due to his legal credentials and his business judgement.

Arthur Kwan, CFA, ICD.D, has served as a member of our board of directors since August, 2018. Mr. Kwan is currently the CEO and Co-Portfolio Manager of CannalIncome Fund, a private investment company focused on the cannabis sector. In addition, he is also the Managing Partner of Athena Capital Advisors, a merchant and investment banking boutique advisory firm focused on the energy and cannabis sectors. Mr. Kwan has led the origination, negotiation, and execution of many investment banking transactions including: mergers, acquisitions, divestitures, initial public offerings, short-form Prospectus offerings, private placements of equity, debt, and hybrid securities, and restructurings. Over his career, he has originated, advised, negotiated, and executed on transactions with an aggregate value exceeding \$1 billion. He has been involved as an investor, financier, and advisor to several cannabis and cannabis-related companies. We believe Mr. Kwan is qualified to serve on our board of directors due to his depth of knowledge of capital markets and private equity.

Paul Rosen, LLB, has served as a member of our board of directors since August, 2018. Mr. Rosen is a leading entrepreneur in the Canadian cannabis industry. Since September, 2016, Mr. Rosen serves as a director of the CSE-listed iAnthus Capital Holdings, Inc. Between 2013 and 2016, Mr. Rosen was President and CEO of Cronos Group Inc. (TSX-V, NASDAQ: CRON), a vertically integrated cannabis producer licensed under ACMPR and the first cannabis company to list on the NASDAQ exchange. Mr. Rosen holds a BA in Economics from Western University and an LLB from the University of Toronto. Mr. Rosen is a member of the Law Society of Ontario. We believe Mr. Rosen is qualified to serve on our board of directors due to his exceptional depth of knowledge of the cannabis industry.

Nitin Kaushal, CPA, CA, has served as a member of our board of directors since October, 2018. Mr. Kaushal serves as Managing Director, Corporate Finance at PwC Canada. He has over 30 years of finance and investment expertise including having held a number of senior roles with Canadian investment banks as well as various roles within the private equity/venture capital industry. Mr. Kaushal sits on the boards of numerous public and private companies. He holds a Bachelor of Science (Chemistry) degree from the University of Toronto. We believe Mr. Kaushal is qualified to serve on our board of directors due to his exceptional depth of knowledge of the cannabis industry.

Committees of the Board of Directors

The Company's board of directors has the authority to appoint committees to perform certain management and administration functions. The board of directors has established an audit committee, a compensation committee and a nominating and corporate governance committee. The composition and responsibilities of each committee are described below. Members will serve on these committees until their resignation or until otherwise determined by the board of directors.

Audit Committee

The text of the Audit Committee charter is attached hereto as Schedule "E" – AUDIT COMMITTEE CHARTER.

Composition of Audit Committee

The members of the Corporation's Audit Committee are:

<u>Name</u>	<u>Independent⁽¹⁾</u>	<u>Financially Literate⁽²⁾</u>
Nitin Kaushal (Chair).....	Yes	Yes
Paul Rosen.....	Yes	Yes
Arthur Kwan.....	Yes	Yes

Notes:

- (1) A member of an Audit Committee is independent if the member has no direct or indirect material relationship with the Company, which could, in the view of the board of directors, reasonably interfere with the exercise of a member's independent judgment.
- (2) An individual is financially literate if he has the ability to read and understand a set of financial statements that present a breadth of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

Compensation Committee

The text of the Compensation Committee charter is attached hereto as Schedule “F” – COMPENSATION COMMITTEE CHARTER.

Nominating and Corporate Governance Committee

The text of the Nominations Committee charter is attached hereto as Schedule “G” – NOMINATING AND CORPORATE GOVERNANCE COMMITTEE CHARTER.

OTHER REPORTING ISSUER EXPERIENCE

The following table sets out the directors, officers and promoter(s) of the Company that are directors, officers or promoters of other issuers that are or were reporting issuers in any Canadian jurisdiction:

Name	Name of Reporting Issuer	Exchange or Market	Position	From	To
Arthur Kwan	Cerus Energy Group Ltd. dba Camarico Group Ltd.	TSX-V	Director	March, 2018	Present
Paul Rosen	Cronos Group Inc.	TSX NASDAQ	President and CEO	March, 2013	May, 2016
	iAnthus Capital Holdings, Inc.	CSE	Director	September, 2016	Present
	Tidal Royalty Corp.	CSE	Director	July, 2017	Present
	Tidal Royalty Corp.	CSE	CEO	February, 2018	Present
Nitin Kaushal	Cannamerica Brands Corp.	CSE	Director	October, 2018	Present
	Valens Groworks Corp.	CSE	Director	September, 2018	Present
	Viemed Healthcare, Inc.	TSX	Director	December, 2017	Present
	HashChain Technology Inc.	TSXV	Director	December, 2017	Present
	Delta 9 Cannabis Inc.	TSXV	Director	November, 2017	Present
	BLVD Centers Corporation	CSE	Director	November, 2017	Present
	Delivra Corp.	TSX	Director	December, 2015	July, 2018
	Global Gardens Group Inc.	TSX	Director	December, 2016	May, 2018
	Solution Financial Inc. (formerly, Shelby)	FSXV	Director	November, 2014	March, 2018

Name	Name of Reporting Issuer	Exchange or Market	Position	From	To
	Ventures Inc.)				
	Patient Home Monitoring Corp.	TSXV	Director	June, 2016	December, 2017
	DRM Ventures Inc.	TSXV	Director	August, 2009	November, 2016

CORPORATE GOVERNANCE

General

The board of directors of the Company believes that good corporate governance improves corporate performance and benefits all shareholders. National Policy 58-201 – Corporate Governance Guidelines provides non-prescriptive guidelines on corporate governance practices for reporting issuers such as the Company.

In addition, NI 58-101 prescribes certain disclosure by the Company of its corporate governance practices. This disclosure is presented below.

Board of Directors

The board of directors facilitates its exercise of independent oversight of the Company's management through frequent meetings of the board of directors which often involve members of the management team.

The board of directors is comprised of 5 directors, of whom Arthur Kwan, Paul Rosen, and Nitin Kaushal are independent for the purposes of NI 58-101. Raj Grover is not an independent director as he is an officer of the Company. Nader Ben Aissa is not an independent director as he has indirectly obtained compensation for advisory services from the Company.

Orientation and Continuing Education

New members of the board of directors receive an orientation package which includes reports on operations and results, and public disclosure filings by the Company. Meetings of the board of directors are sometimes held at the Company's offices and, from time to time, are combined with presentations by the Company's management to give the directors additional insight into the Company's business. In addition, management of the Company makes itself available for discussion with all members of the board of directors.

Ethical Business Conduct

The board of directors has found that the fiduciary duties placed on individual directors by the Company's governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual director's participation in decisions of the board of directors in which the director has an interest have been sufficient to ensure that the board of directors operates independently of management and in the best interests of the Company.

Furthermore, the Company has adopted an insider trading policy which applies to members of the board of directors and provides for blackout periods under certain circumstances.

Nomination of Directors

The board of directors considers its size each year when it considers the number of directors to recommend to the shareholders for election at the annual meeting of shareholders, taking into account the number required to carry out the board of director's duties effectively and to maintain a diversity of view and experience.

The board of directors relies on the guidance provided by the Nominating and Corporate Governance Committee to ensure its decisions are taken to the best interest of the Company.

Compensation

The board of directors is responsible for determining compensation for the directors of the Company to ensure it reflects the responsibilities and risks of being a director of a public company. The board of directors relies on the guidance provided by the Compensation Committee for its compensation-related decision making.

Other Board Committees/Assessments

The board of directors has established an Audit Committee, a Nominating and Corporate Governance Committee and a Compensation Committee. No other committees have been created at the time of this Prospectus, and the board of directors has currently not adopted a formal policy to monitor the effectiveness of the directors, the board of directors and its committees.

OTHER CORPORATE INFORMATION

Cease Trade Orders

To the Company's knowledge and other than as disclosed herein, no existing or proposed director or executive officer of the Company is, as at the date of this Prospectus, or was within 10 years before the date hereof, a director, chief executive officer or chief financial officer of any company, including the Company, that:

- (a) was subject to a cease trade order, an order similar to a cease trade order, or an order that denied the company access to any exemption under securities legislation, in each case for a period of more than 30 consecutive days, that was issued while the director or executive officer was acting in the capacity of a director, the chief executive officer or the chief financial officer thereof; or
- (b) was subject to a cease trade order, an order similar to a cease trade order, or an order that denied the company access to any exemption under securities legislation, in each case for a period of more than 30 consecutive days, that was issued after the director or executive officer ceased to be a director, the chief executive officer or the chief financial officer thereof and which resulted from an event that occurred while that person was acting in such capacity.

Bankruptcies

To the Company's knowledge and other than as disclosed herein, no existing or proposed director or executive officer of the Company or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company:

- (a) is, as at the date of this Prospectus, or has been within the 10 years before the date hereof, a director or executive officer of any company, including the Company, that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was

subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

- (b) has, within the 10 years before the date of this Prospectus, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or became subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder, except for:

Arthur H. Kwan previously underwent personal bankruptcy. Mr. Kwan was declared bankrupt on February 10, 2010 and was subsequently discharged on November 15, 2011. Mr. Kwan's personal bankruptcy was related to a start-up business that became financially distressed as a result of the economic downturn and recession.

Penalties or Sanctions

To the Company's knowledge, no director or executive officer of the Company or a shareholder holding sufficient securities of the Company to affect materially the control of the Company, has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor making an investment decision.

EXECUTIVE COMPENSATION

In this section "Named Executive Officer" ("**NEO**") means each individual who acted as chief executive officer ("**CEO**") of the Company, or acted in a similar capacity, for any part of the most recently completed financial year, each individual who acted as chief financial officer ("**CFO**") of the Company, or acted in a similar capacity, for any part of the most recently completed financial year, and the most highly compensated executive officer, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was more than \$150,000, as well as any individual for whom disclosure would have been provided except that the individual was not serving as an executive officer of the Company, as applicable, at the end of the most recently completed financial year, namely:

- Raj Grover;
- Matthew Dexter; and
- Nicholas Kuzyk.

COMPENSATION PHILOSOPHY AND OBJECTIVES

High Tide operates in a dynamic and rapidly evolving market. To succeed in this environment and to achieve its business and financial objectives, the Company must attract, retain and motivate a highly talented team of executive officers. The Company expects its team of officers to possess and demonstrate strong leadership and management capabilities, as well as foster a pioneering culture, which is at the foundation of High Tide's success and remains a pivotal part of everyday operations.

The Company's executive officer compensation program is designed to achieve the following objectives:

- provide market-competitive compensation opportunities in order to attract and retain talented, high-performing and experienced executive officers, whose knowledge, skills and performance are critical to our success;
- motivate our executive officers to achieve our business and financial objectives;

- align the interests of our executive officers with those of our stockholders by tying a meaningful portion of compensation directly to the long-term value and growth of our business; and
- provide incentives that encourage appropriate levels of risk-taking by our executive officers and provide a strong pay-for-performance relationship.

High Tide believes that equity-based compensation awards motivate executive officers to achieve the Company's business and financial objectives, and also aligns their interests with the long-term interests of stockholders. The Company provides a base salary to compensate employees for their day-to-day responsibilities, at levels that High Tide believes are necessary to attract and retain executive officer talent. While the Company has determined that the current executive officer compensation program is effective at attracting and maintaining executive officer talent, the Company evaluates its compensation practices on an ongoing basis to ensure that it is providing market-competitive compensation opportunities for its executive team.

As the Company transitions from being a privately-held company to a publicly-traded company, it will continue to evaluate our compensation philosophy and compensation program as circumstances require and plan to continue to review compensation on an annual basis. As part of this review process, the Company expects to be guided by the philosophy and objectives outlined above, as well as other factors which may become relevant, such as the cost which would be required to find a replacement for a key employee.

Consistent with the Company's historical approach, the compensation program for executives consist of three major elements: (i) base salary; (ii) annual short-term incentives; and (iii) long-term incentives. Perquisites and personal benefits are not a significant element of compensation of the NEOs.

A primary element of the Company's compensation program is base salary. The Company's view is that a competitive base salary is a necessary element for attracting and retaining qualified executive officers. Base salaries are set and adjusted to reflect the scope of an executive's responsibility and prior experience, and the overall market demand for such executives at time of hire. Base salaries will be reviewed annually.

The Company will grant short-term incentive awards to its executive officers in the form of annual cash bonuses, which are intended to motivate and reward such executive officers for achieving and surpassing annual corporate and individual goals approved by the Company's board of directors. The Company believes that a performance-based bonus program promotes its overall compensation objectives by tying a meaningful portion of an executive's compensation to the overall growth of the business, thereby aligning the interests of executive officers with the interests of holders of Common Shares and other stakeholders. All such bonuses are at the sole discretion of the Company.

The executive officers of the Company, along with other employees, will be eligible to participate in the long-term incentive program of the Company which will be comprised of Options issued pursuant to the Stock Option Plan. The purpose of the long-term incentive program is to promote greater alignment of interests between employees and stockholders, and to support the achievement of the Company's longer-term performance objectives, while providing a long-term retention element. See "OPTIONS TO PURCHASE SECURITIES – Employee Stock Option Plan".

COMPENSATION DISCUSSION AND ANALYSIS

The Company's executive compensation is intended to be consistent with the Company's business plans, strategies and goals while taking into account various factors and criteria, including competitive factors and the Company's performance. The Company's executive compensation is intended to provide an appropriate overall compensation package that permits the Company to attract and retain highly qualified and experienced senior executives and to encourage superior performance by the Company. The Company's compensation policies are intended to motivate individuals to achieve and to award

compensation based on corporate and individual results. Compensation for the NEOs is intended to reflect a fair evaluation of overall performance.

The Company entered into an employment agreement dated June 18, 2018 with Matthew Dexter in connection with the position of Chief Financial Officer of the Company (“**Dexter Employment Agreement**”), pursuant to which Mr. Dexter received an annual base salary of \$130,000, with an automatic increase to an annual base salary of \$140,000 following the listing of the Company onto a securities exchange, such as the CSE. Further bonuses may be provided at the discretion of the Company. In addition, Mr. Dexter will be granted an option to purchase 500,000 Common Shares following the listing of the Company onto a securities exchange. The Dexter Employment Agreement does not provide specific terms for termination or in the event of a change of control of the Company.

The Company entered into an employment agreement dated July 1, 2018 with Nicholas Kuzyk in connection with the position of Chief Strategy Officer & SVP of Capital Markets of the Company (“**Kuzyk Employment Agreement**”), pursuant to which Mr. Kuzyk received an annual base salary of \$110,000, with an automatic increase to an annual base salary of \$130,000 and payment of a one-time bonus of \$45,905 payable in cash or in Common Shares following the listing of the Company onto a securities exchange, such as the CSE. Further bonuses may be provided at the discretion of the Company. In addition, Mr. Kuzyk was provided a hiring bonus of 69,000 Common Shares. If Mr. Kuzyk is terminated, for any reason and at the sole discretion of the Company but subject to the terms of the Kuzyk Employment Agreement, he will receive a severance payment equal to two months of current salary per year of service. The Kuzyk Employment Agreement may be terminated for any reason by Mr. Kuzyk by giving two months’ written notice to the Company, or by the Company, for any reason and at its sole discretion, by providing two months’ written notice. In addition, Mr. Kuzyk will be granted an option to purchase 500,000 Common Shares following the listing of the Company onto a securities exchange. The Kuzyk Employment Agreement does not provide specific terms in the event of a change of control of the Company, but for the fact that the Company may assign the Kuzyk Employment Agreement at any time, without prior notice.

At the date of this Prospectus, Raj Grover is not subject to the terms of a formal engagement agreement with the Company, or non-competition or non-disclosure agreements.

Summary Compensation Tables

The following table sets out the anticipated compensation, other than the compensation due to “compensation securities” as that term is defined under Form 51-102F6V – Statement of Executive Compensation – Venture Issuers, paid or expected to be paid by the Company to the NEOs during the course of the current financial year ending on October 31, 2018. Figures presented are not annualized for a part of the year the NEO was not in the service of the Company:

Table of compensation excluding compensation securities							
Name and Position	Fiscal Year ⁽¹⁾	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total Compensation
Harkirat (Raj) Grover President, CEO and Director	2017	Nil	Nil	Nil	\$26,617 ⁽³⁾	Nil	\$26,617
	2018	\$255,229 ⁽²⁾	Nil	Nil	\$26,617 ⁽³⁾	Nil	\$282,442
Matthew Dexter CFO	2017	Nil	Nil	Nil	Nil	Nil	Nil
	2018	\$40,000 ⁽⁴⁾	Nil	Nil	Nil	Nil	\$40,603
Nicholas Kuzyk CSO, SVP Capital Markets	2017	Nil	Nil	Nil	Nil	Nil	Nil
	2018	\$63,491 ⁽⁵⁾	\$45,905 ⁽⁶⁾	Nil	\$2,378 ⁽⁷⁾	Nil	\$111,774

Notes:

(1) The Company was incorporated on February 8, 2018, and maintains a financial year ending on October 31.

- (2) The salary presented accounts for the incorporation of the Company on February 8, 2018. Mr. Grover now receives an annual salary of \$300,000.
- (3) Mr. Grover has been provided with a company vehicle.
- (4) The salary presented accounts for Mr. Dexter's start date of July 9, 2018. Mr. Dexter receives an annual base salary of \$130,000, with an automatic increase to an annual base salary of \$140,000 following the listing of the Company onto a securities exchange.
- (5) The salary presented accounts for Mr. Kuzyk's start date of April 2, 2018. Mr. Kuzyk received an annual base salary of \$110,000, with an automatic increase to an annual base salary of \$130,000 following the listing of the Company onto a securities exchange.
- (6) Mr. Kuzyk is expected to will receive an exchange listing bonus of \$45,905 to be paid in cash or Common Shares at his option, due and payable on the date upon which the Company becomes a reporting issuer as defined under the Securities Act (Alberta).
- (7) Mr. Kuzyk receives a car allowance of \$125 due and payable on the last day of each bi-weekly pay period and a cell phone allowance of \$50 by-weekly.

The following table sets out the anticipated compensation securities paid or expected to be paid by the Company to the NEOs during the course of the current financial year ending on October 31, 2018:

Name and Position	Compensation Securities							
	Fiscal Year ⁽¹⁾	Type of compensation security	Number of compensation securities, number of underlying securities, and percentage of class	Date of issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$) ⁽²⁾	Closing price of security or underlying security at year end (\$)	Expiry Dates
Harkirat (Raj) Grover President, CEO and Director	2017	-	Nil	-	-	-	-	-
	2018	-	Nil	-	-	-	-	-
Matthew Dexter CFO	2017	-	Nil	-	-	-	-	-
	2018	-	Nil	-	-	-	-	-
Nicholas Kuzyk CSO, SVP Capital Markets	2017	-	Nil	-	-	-	-	-
	2018	Common Shares	69,000	April 18, 2018	\$25,000 ⁽³⁾	-	-	-

Notes:

- (1) The Company was incorporated on February 8, 2018, and maintains a financial year ending on October 31.
- (2) No closing price was available at the time of the granting of any securities, as the Company was not yet listed on the CSE.
- (3) Nicholas Kuzyk received 69,000 Common Shares at a value of \$0.362 per share.

As at the date of this Prospectus, no securities listed above have been exercised by the NEOs.

ELIGIBILITY FOR INVESTMENT

The Company encourages each security holder to consult with its own tax or professional advisor to understand the tax considerations generally applicable with purchasing or owning Common Shares.

RISK FACTORS

Due to the nature of the Company's business, the Company may be subject to significant risks. Readers should carefully consider all such risks, including those set out in the discussion below. The Company's actual performance and operating results may be very different from those expected as at the date of this Prospectus. Furthermore, if the Company is unable to adequately address these and other risks, the Company's business, financial condition, operating results or prospects may be adversely affected.

RISKS RELATED TO THE COMPANY'S MARIJUANA FRANCHISE AND DISTRIBUTION BUSINESS

No Existing Market and Uncertain Regulatory Framework

On October 17, 2018, the *Cannabis Act* came into force as law with the effect of legalizing adult

recreational use of cannabis across Canada. No legal market previously existed for adult recreational use cannabis in Canada. For this reason, projections for both short and long-term market conditions for the retail of cannabis remain uncertain.

Furthermore, there is no assurance that provincial and territorial legislation enacted for the purpose of regulating recreational cannabis will allow, or be conducive to, the Company's proposed cannabis franchise and retail business model. The legislation framework pertaining to the Canadian recreational cannabis market is subject to significant provincial and territorial regulation, which varies across provinces and territories and could result in an asymmetric regulatory and market environment, different competitive pressures and significant additional compliance and other costs and/or limitations on the Company's ability to participate in such market. Additionally, differences in provincial and territorial regulatory frameworks could result in the Company's franchise model being financially prohibitive or unfeasible. In particular, some provinces do not allow private retailers of cannabis products, and in provinces that allow private retailers of cannabis products, obtaining a provincial license for such sales of cannabis may be unduly expensive or burdensome. Municipal and regional governments may also choose to impose additional requirements and regulations on the sale of recreational cannabis, adding further uncertainty and risk to the Company's proposed cannabis franchise and retail model. Municipal by-laws could restrict the number of recreational cannabis retail outlets that are permitted in a certain geographical area, or restrict the geographical locations wherein such retail outlets may be operated. There is no assurance that if and when provincial, territorial, regional and municipal regulatory frameworks are enacted, the Company will be able to navigate such regulatory frameworks or conduct its intended business thereunder. While the impact of any new legislative framework for the regulation of the Canadian recreational cannabis market is uncertain, any of the foregoing could result in a material adverse effect on the Company's proposed business, financial condition and operating results.

Opening of Franchise Stores

The opening of franchised stores depends, in part, upon the availability of prospective franchisees who meet the Company's criteria. The Company may not be able to identify, recruit or contract with suitable franchisees in its target markets on a timely basis or at all. In addition, the Company's potential franchisees may not ultimately be able to access the financial or management resources that they need to open the stores contemplated by their agreements with the Company, or they may elect to cease store development for other reasons or they may be limited to the number of licenses available in a particular province or municipality. If the Company is unable to recruit suitable franchisees or if franchisees are unable or unwilling to open new stores as planned, the Company's growth may be slower than anticipated, or cease, which could materially adversely affect its ability to increase its revenue and materially adversely affect its business, financial condition and results of operations. In addition, it is likely that franchise stores will be subject to various anticipated laws, regulations and guidelines relating to the management, packaging/labelling, advertising, sale, transportation, storage and disposal of cannabis. While the Company intends to comply with all such laws and to ensure that its franchisees comply with all such laws, there is a risk that franchises will fail to do so.

Regulatory Risks

Successful execution of the Company's strategy is contingent, in part, upon compliance with regulatory requirements that have yet to be enacted by governmental authorities, and obtaining all regulatory approvals, where necessary, for the sale of the Company's products and other products expected to be distributed by the Company.

The Company will incur ongoing costs and obligations related to regulatory compliance. Failure to comply with regulations may result in additional costs for corrective measures, penalties or in restrictions on the Company's proposed operations. In addition, changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the Company's proposed operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the proposed business, financial condition and operating results of the Company.

Reliance on Key Inputs

The Company's proposed business is dependent on a number of key inputs and their related costs including authorized sources of cannabis. Any inability to establish such supply inputs, significant interruption or negative change in the availability or economics of the supply chain for key inputs could materially impact the proposed business, financial condition and operating results of the Company. Any inability to secure required supplies and services or to do so on appropriate terms could have a materially adverse impact on the proposed business, financial condition and operating results of the Company.

Tax Risks

The Government of Canada has provided guidance that it intends to provide regulated and restricted access to cannabis beginning on October 17, 2018. The Government of Canada has indicated that in conjunction with any legislative framework governing recreational cannabis the government will incorporate appropriate federal taxes on cannabis products, which will be shared with provinces. The level of taxation that will eventually apply to cannabis products and sales is unknown at this time, and depends on various factors including federal, provincial and municipal tax policies. There is no assurance that taxes applicable to recreational cannabis will be conducive to the sale of recreational cannabis. In the event that taxes on recreational cannabis are too high, consumers may be deterred from participating in the legal recreational cannabis market, or be driven into the illegal recreational cannabis market. Furthermore, differences in tax levels across geographical regions may limit the number of feasible retail locations which the Company could franchise, thus limiting the Company's proposed business, revenue and operational potential and brand name.

Political Risks

The Company's prospective operations will be subject to various anticipated laws, regulations and guidelines relating to the manufacture, management, packaging/labelling, advertising, sale, transportation, storage and disposal of cannabis but also including laws and regulations relating to drugs, controlled substances, health and safety, the conduct of operations and the protection of the environment. While the Company intends to comply with all such laws, changes to such laws, regulations and guidelines due to matters beyond the control of the Company may cause adverse effects to its operations. The Company may also incur significant costs in complying with such changes or it may be unable to comply therewith, which in turn may result in a material adverse effect on the Company's proposed business, financial condition and results of operation.

Moreover, the deregulation of cannabis for adult use in Canada has been politically driven by the Federal Liberal Government, and there is no assurance that other political parties, if elected to government, will not reverse the steps taken by the Liberal Government towards the deregulation of cannabis for adult use or impose more stringent and prohibitive regulatory frameworks. Such actions could have a material adverse effect on the proposed business or financial condition of the Company, or the viability of its prospective business model. Furthermore, future changes in provincial or municipal governments may also result in similar unfavourable changes to laws, regulations and guidelines pertaining to recreational cannabis.

Franchise Regulation

The Company is subject to provincial franchise requirements, provincial laws regulating the offer and sale of franchises in Canada through the provision of franchise disclosure documents to potential franchisees containing certain mandatory disclosures, and various provincial laws regulating the franchise relationship. Although the Company believes that its franchise disclosure documents, together with any applicable province-specific versions or supplements, and its franchising procedures comply in all material respects with all applicable provincial laws regulating franchising in those provinces in which it offers and grants new franchise arrangements, noncompliance could adversely impact the Company's fundraising activities and thereby reduce anticipated royalty income, which in turn could materially adversely affect the Company's business, financial condition and results of operations.

Two provinces in Canada, in which the Company intends to grant franchises, being Alberta and British Columbia, have franchise statutes and regulations. These franchise laws require a disclosure document or statement of a material change to be issued to prospective franchisees containing prescribed information. Failure to comply with these statutes can result in a prospective franchisee having the right to rescind the franchise agreement, without penalty or obligation, for up to 60 days after receipt of the disclosure document, if the franchisor failed to provide the disclosure document or statement of material change within the time period prescribed or if the contents did not meet the requirements set out in the relevant legislation, or for a period of up to two years after entering into the franchise agreement if the franchisor failed to provide the disclosure document. In addition, if a franchisee suffers a loss because of a misrepresentation contained in the disclosure document or in a statement of a material change or as a result of the franchisor failing to comply with the disclosure requirements, a franchisee has a right of action for damages. These rights are in addition to any other rights a franchisee may have at law.

Competition

There is potential that the Company will face intense competition from numerous independent dispensaries and other franchise dispensary companies, some of which can be expected to have greater financial resources, market access and manufacturing and marketing experience than the Company. Increased competition by larger and better financed competitors could materially and adversely affect the proposed business, financial condition and results of operations of the Company. Because of the preliminary stage of the recreational marijuana market in which the Company intends to operate, the Company expects to face additional competition from new entrants. To remain competitive, the Company will require a continued high level of investment in research and development, marketing, sales and client support. The Company may not have sufficient resources to maintain research and development, marketing, sales and client support efforts on a competitive basis which could materially and adversely affect the proposed business, financial condition and operating results of the Company.

Moreover, if recreational cannabis is permitted in Canada it is anticipated that the Company will face intense competition from current producers and retailers of medical cannabis, some of which have been operating for several years to date. Such producers and retailers possess established cannabis supply sources, supply chain frameworks, retail outlets and consumer bases. Additionally, current producers and retailers of medical cannabis have experience in complying with federal, provincial and municipal regulatory frameworks, which the Company does not possess.

Canada Free Trade Agreement

Article 1206 of the *Canada Free Trade Agreement* specifically excludes the application of the agreement to cannabis for non-medical purposes. Article 1206 states that the provinces and territories of Canada shall commence negotiations regarding the application of the Canada Free Trade Agreement to cannabis for non-medical purposes following Royal Assent of federal legislation legalizing cannabis for non-medical purposes. There is a risk that the outcome of the negotiations to apply the Canada Free Trade Agreement to cannabis for non-medical purposes will result in the interprovincial and interterritorial trade of cannabis for non-medical purposes in Canada being entirely restricted or subject to conditions that will negatively affect the Company.

Supply Risks

The Company currently has no binding agreements for the supply of cannabis, as the Company is awaiting further details of the relevant federal, provincial and municipal regulations relating to the growth, supply and distribution of deregulated cannabis for recreational use in Canada. Companies operating in other jurisdictions in North America where cannabis was recently deregulated, such as Nevada, have experienced severe temporary supply constraints which have materially affected the profitability of distributors in such jurisdictions.

Shelf Life Inventory

The Canna Cabana and KushBar intend to carry comestible finished goods in their inventory and such inventory will have a shelf life. Comestible finished goods in inventory may include herbal cannabis and cannabis oil products. Even though it is the intention of the Company's management to review the amount of inventory on hand in the future, write-down of inventory may still be required from time to time. Any such write-down of inventory could have a material adverse effect on the Company's proposed business, financial condition, and results of operations.

Transportation Risks

Due to the perishable and premium nature of the cannabis products Canna Cabana and KushBar intend to carry in their inventory, the Company will depend on fast and efficient third-party transportation services to distribute its cannabis products. Any prolonged disruption of third party transportation services could have an adverse effect on the financial condition and results of operations of the Company. Rising costs associated with the third-party transportation services used by the Company to ship its cannabis products may also adversely impact the business of the Company and its ability to operate profitably. Due to the nature of the Company's cannabis products, security of the cannabis products during transportation to and from the Company's stores and facilities is of the utmost concern. A breach of security during transport or delivery could have a material and adverse effect on the proposed business, financial condition and operating results of the Company. Any breach of the security measures during transport or delivery, including any failure to comply with potential future regulations and requirements with respect thereof, could also have an impact on the Company's ability to continue operating.

Product Liability

Due to the proposed operations of Canna Cabana and KushBar, a distributor of products designed to be ingested by humans, the Company faces an inherent risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused significant loss or injury. In addition, the manufacture and sale of cannabis products involve the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Previously unknown adverse reactions resulting from human consumption of cannabis products alone or in combination with other medications or substances could occur. The Company may be subject to various product liability claims, including, among others, that the products produced or distributed (but not produced) by the Company caused injury or illness, include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances. A product liability claim or regulatory action against the Company could result in increased costs, could adversely affect the Company's reputation with its clients and consumers generally, and could have a material adverse effect on the proposed business, financial condition and operating results of the Company. There can be no assurances that the Company will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all. The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of products.

Product Recalls of Products Purchased by the Company

Manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labeling disclosure. If any of the products produced by the Company are recalled due to an alleged product defect or for any other reason, the Company could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. The Company may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all. In addition, a product recall may require significant attention of the management of the Company. Although the Company has detailed procedures in place for testing finished products, there can be no assurance that any quality,

potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. Additionally, if one of the products produced or distributed by the Company were subject to recall, the image of that product and the Company could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for products produced by the Company and could have a material adverse effect on the results of operations and financial condition of the Company. Additionally, product recalls may lead to increased scrutiny of the proposed operations of the Company by Health Canada or other regulatory agencies, requiring further management attention and potential legal fees and other expenses.

Product Recalls of Product Sold by the Company

Individuals have asserted claims, and may in the future assert claims, that they have sustained injuries from the Company's products, and particularly the products of the Cannabis Outlets, and the Company may be subject to lawsuits relating to these claims. There is a risk that these claims or liabilities may exceed, or fall outside of the scope of, the Company's insurance coverage as the Company does not maintain separate product recall insurance. The Company may record future charges and incremental costs relating to recalls, withdrawals or replacements of its products, based on the Company's most recent estimates of retailer inventory returns, consumer product replacement costs, associated legal and other professional fees, and costs associated with advertising and administration of product recalls. As these current and expected future charges are based on estimates, they may increase as a result of numerous factors, many of which are beyond the Company's control, including the amount of products that may be returned by consumers and retailers, the number and type of legal, regulatory, or legislative proceedings relating to product recalls, withdrawals or replacements or product safety proceedings in Canada, the U.S. and elsewhere that may involve the Company, as well as regulatory or judicial orders or decrees in Canada, the U.S. and elsewhere that may require the Company to take certain actions in connection with product recalls.

Moreover, the Company may be unable to obtain adequate liability insurance in the future. Any of these issues could result in damage to the Company's reputation, diversion of development and management resources, reduced sales, and increased costs, any of which could materially and adversely harm its business, financial condition and performance. Product recalls, withdrawals, or replacements may also increase the competition that Spin Master faces. Some competitors may attempt to differentiate themselves by claiming that their products are produced in a manner or geographic area that is insulated from the issues that preceded recalls, withdrawals or replacements of the Company's products. In addition, to the extent that the Company's competitors choose not to implement enhanced safety and testing protocols comparable to those that the Company and its third-party manufacturers have adopted, such competitors could enjoy a cost advantage that could enable them to offer products at lower prices than the Company.

Additionally, product recalls relating to the Company's competitors' products, post-manufacture repairs of their products and product liability claims against the Company's competitors may indirectly impact the Company's product sales even if its products are not subject to the same recalls, repairs or claims.

Negative Publicity

There has been a marked increase in the use of social media platforms and similar channels, including weblogs (blogs), social media websites and other forms of Internet-based communications that provide individuals with access to a broad audience of consumers and other interested persons. The availability and impact of information on social media platforms is virtually immediate and the accuracy of such information is not independently verified. The opportunity for dissemination of information, including inaccurate information, is seemingly limitless and readily available. Information concerning Spin Master or one or more of its products may be posted on such platforms at any time. Information posted may be adverse to the Company's interests or may be inaccurate, each of which may harm the Company's reputation and business. The harm may be immediate without affording the Company an opportunity for redress or correction. Ultimately, the risks associated with any such negative publicity or incorrect

information cannot be completely eliminated or mitigated and may materially and adversely impact its business, financial condition and performance.

Difficulty to Forecast

The Company must rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this preliminary stage of the recreational cannabis industry in Canada. A failure in the demand for its products to materialize as a result of the prohibition on recreational marijuana consumption not being removed, competition, technological change or other factors could have a material adverse effect on the proposed business, results of operations and financial condition of the Company.

Third Party Reputational Risk

The parties with which the Company does business may perceive that they are exposed to reputational risk as a result of the Company's proposed cannabis business activities. This may impact the Company's ability to retain current partners, such as its banking relationship, or source future partners as required for growth or future expansion in Canada, the U.S. or other markets. Failure to establish or maintain business relationships could have a material adverse effect on the Company.

Profitability of Cannabis Retail Outlets

Company-owned and franchise stores may not be profitable due to a number of factors, including the expectation that provincial cannabis regulatory bodies will initially set standard pricing levels (for example, in Alberta the AGLC will initially have control over all online sales), and their pricing will have an impact in determining the margin on sales of cannabis products. As well, edible cannabis products are not yet permitted for sale in Canada through cannabis dispensaries, and unless and until that occurs, the product range available for sale is limited. If any stores remain unprofitable for a prolonged period of time, the Company and its franchisees may decide to close these stores. The Company cannot assure that new stores opened by the Company or its franchisees will not fail. The closures of these stores could have a negative impact on the Company's proposed business and operating results.

Moreover, the Company may broaden new store activity to incorporate trade areas or store sites in which it will have little or no prior experience. The risks relating to building a customer base, managing franchise development and operating costs may be more significant in some or all of these types of trade areas or store sites, which could have an unexpected negative impact on the Company's proposed business. Opening stores in such areas or sites may expose the Company and its franchisees to new challenges, including reliance on the strength of other companies, the potential that its stores are a poor fit for the non-traditional markets into which they enter and possible negative publicity regarding the retail stores or other locations in which they operate, each of which may cause a downturn in their business and in turn may have a negative impact on the Company's proposed business and operating results.

Reliance on Performance of Franchise Stores

The Company's proposed business and results of operation will not be significantly dependent upon the success of its franchisees' stores. However, the Company's franchisees' stores may be adversely affected by:

- declining economic conditions;
- increased competition in the recreational marijuana market;
- changes in consumer preferences;
- demographic trends;
- changes in consumer sentiments towards the use of marijuana-based products;
- customers' budgeting constraints;
- customers' willingness to accept product price increases;

- adverse weather conditions;
- the Company's reputation and consumer perception of its market position and offerings in terms of quality, price, value and service; and
- customers' experiences in the Company's stores.

The Company's franchisees may also be susceptible to increases in certain key operating expenses that are either wholly or partially beyond its control, including:

- labour costs, including wages, workers' compensation, minimum wage requirements, health care and other benefits expenses;
- rent expenses and construction, remodeling, maintenance and other costs under leases;
- compliance costs as a result of changes in legal, regulatory or industry standards;
- energy, water and other utility costs;
- insurance costs;
- information technology and other logistical costs; and
- expenses associated with legal proceedings, if any.

Consumer Preference, Demand and Fashion Trends

The fashion and retail industries are subject to sudden shifts in consumer trends. The Company's results will continue to depend in part on its ability to predict and respond to changes in fashion trends and consumer preferences in a timely manner. To the extent the Company's predictions differ from its customers' preferences, it may be faced with excess inventories for some products and/or missed opportunities for others. Excess inventories can result in lower gross margins due to greater than anticipated discounts and markdowns that might be necessary to reduce inventory levels. Low inventory levels can adversely affect the Company's ability to meet customer demand, which may lead to lost sales and diminished brand loyalty. Any sustained failure to anticipate, identify and respond to emerging trends in consumer preferences could have a material adverse effect on the Company's business and any significant misjudgements regarding inventory levels could adversely impact the Company's results of operations.

Furthermore, the Company's ability to continue to attract and retain popular brands that are favoured by consumers is critical to its ability to respond to consumer preferences. If vendors of popular brands cease doing business with the Company, or the terms and conditions with such vendors (including vendor allowances and merchandise cost) change materially, including our ability to be an exclusive seller of certain brands, our results could be adversely affected. The Company does not have long term contracts with vendors and therefore its ability to continue to sell brands that are popular with consumers and, if applicable, to have exclusivity of certain brands, are dependent on ongoing positive relationships with the Company's vendors. There can be no assurance that our existing vendors will continue to provide us with a sufficient assortment and quantity of inventory to satisfy the Company's demands.

Discretionary Spending of Consumers

Current economic conditions or a further deterioration in the Canadian economy may adversely affect the discretionary spending of consumers, which would likely result in lower sales than expected on a quarterly or annual basis, as well as the potential for higher markdowns and increased promotional spending in response to lower demand. Future economic conditions affecting disposable consumer income, such as employment levels, consumer debt levels, lack of available credit, business conditions, fuel and energy costs, interest rates, tax rates and policies, and consumer confidence in future economic conditions could also adversely affect the Company's business and financial results by reducing consumer spending or causing customers to shift their spending to other products.

Unfavourable domestic or regional economic or political conditions and other developments and risks may have an unfavourable impact on our operations. For example, unfavorable changes related to interest rates, rates of economic growth, fiscal and monetary policies of governments, inflation, deflation,

consumer credit availability, consumer debt levels, tax rates and policy, unemployment trends, oil prices, and other matters that influence the availability and cost of merchandise, consumer confidence, spending and tourism could adversely impact our businesses and results of operations. During times of unfavourable economic or political conditions, consumers may shop less frequently, limit the amount of their purchases and/or shift their spending to other products or retailers, which would likely result in lower sales, as well as the potential for higher markdowns and increased promotional spending in response to lower demand.

Supply Chain Disruption Risk

A substantial portion of RGR's products are sourced from foreign suppliers, lengthening the supply chain and extending the time between order and delivery to our distribution centres. Accordingly, the Company is exposed to potential supply chain disruptions due to foreign supplier failures, geopolitical risk, labour disruption or insufficient capacity at ports, and risks of delays or loss of inventory in transit. RGR mitigates this risk through effective supplier selection and procurement practices and through strong relationships with transportation companies, supplemented by marine insurance coverage.

Reliance on Foreign Third-Party Manufacturers

A substantial portion of the Company's products, and particularly those of RGR and Famous Brandz, are manufactured by third-party manufacturers, most of which are located in Asia and primarily in China, and stored and distributed by third parties on its behalf. The Company's operations could be adversely affected if the Company lost its relationship with any of its third-party manufacturers or distributors, or if it were to be prevented from obtaining products from a substantial number of its current suppliers due to political, labour or other factors beyond the Company's control. Although the Company's external sources of manufacturing and its distribution centers can be shifted over a period of time to alternative sources, should such changes be necessary, the Company's operations could be disrupted, potentially for a significant period of time, while alternative sources were secured.

As a result of the Company's dependence on third-party manufacturers, any difficulties encountered by one of the Company's third-party manufacturers that results in production delays, cost overruns or the inability to fulfill its orders on a timely basis, including political disruptions, labour difficulties and other factors beyond the Company's control, could adversely affect the Company's ability to deliver its products to its customers, which in turn could harm the Company's reputation and adversely affect its business, financial condition and performance. Similarly, the Company relies on third-party distributors to transport its products to the markets in which they are sold and to distribute those products within those markets. Any disruption affecting the ability of the Company's third-party distributors to timely deliver or distribute its products to its customers could cause the Company to miss important seasons or opportunities, harm its reputation or cause its customers to cancel orders.

The Company's significant use of third-party manufacturers outside of North America also exposes the Company to risks, including:

- currency fluctuations;
- limitations on the repatriation of capital;
- potential challenges to the Company's transfer pricing determinations and other aspects of its cross-border transactions which may impact income tax expense;
- political instability, civil unrest and economic instability;
- greater difficulty enforcing intellectual property rights and weaker laws protecting such rights;
- requirements to comply with different laws in varying jurisdictions, which laws may dictate that certain practices that are acceptable in some jurisdictions are not acceptable in others, and changes in governmental policies;
- natural disasters and greater difficulty and expense in recovering from them;

- difficulties in moving materials and products from one country to another, including port congestion, strikes and other transportation delays and interruptions;
- difficulties in controlling the quality of raw materials and components used to manufacture the Company's products, which may lead to public health and other concerns regarding its products;
- changes in international labour costs, labour strikes, disruptions or lock-outs; and
- the imposition of tariffs or other protectionist measures, or the breakdown of trade relations.

Due to the Company's reliance on international sourcing of manufacturing, its business, financial condition and performance could be significantly and materially harmed if any of the risks described above were to occur.

International Sales

The Company, and particularly RGR and Famous Brandz, rely on international sales of its products and expect to do so to a greater extent in the future as they continue to expand their respective businesses. The Company believes that its revenue and financial performance will depend in part upon its ability to increase sales in international markets. There can be no assurance that the Company's growth strategy will be successful. The lack of success in the Company's growth strategy may have a material and adverse effect on its business, financial condition and performance.

International sales are subject to various risks, including: exposure to currency fluctuations; political and economic instability; increased difficulty of administering business; and the need to comply with a wide variety of international and domestic laws and regulatory requirements. There are a number of risks inherent in the Company's international activities, including: unexpected changes in Canadian, U.S. or other governmental policies concerning the import and export of goods; services and technology and other regulatory requirements; tariffs and other trade barriers; costs and risks of localizing products for foreign languages; longer accounts receivable payment cycles; limits on repatriation of earnings; the burdens of complying with a wide variety of non-Canadian or U.S. laws; and difficulties supervising and managing local personnel. The financial stability of non-Canadian or U.S. markets could also affect the Company's international sales. Such factors may have a material adverse effect on the Company's revenues and expenses related to international sales and, consequently, business, financial condition and performance. In addition, international income may be subject to taxation by more than one jurisdiction, which could also have a material adverse effect on the Company's financial performance.

Unless and until the U.S. Congress amends the CSA with respect to medical and/or adult-use cannabis (and as to the timing or scope of any such potential amendments there can be no assurance), there is a significant risk that federal authorities may enforce current federal law, and the business of the Company may be deemed to be involved in acts in violation of federal law in the U.S.

International Operations

The Company, and particularly RGR and Famous Brandz, conduct business globally and are subject to tax and regulatory compliance in the jurisdictions in which they operate. These include those related to collection and payment of value added taxes at appropriate rates and the appropriate application of value added taxes to each of the Company's products, those designed to ensure that appropriate levels of customs duties are assessed on the importation of its products, as well as transfer pricing and other tax regulations designed to ensure that its intercompany transactions are consummated at prices that have not been manipulated to produce a desired tax result, that appropriate levels of income are reported as earned and that it is taxed appropriately on such transactions. International transfer pricing is a subjective area of taxation and generally involves a significant degree of judgment.

GENERAL RISKS

Limited Operating History

The Company, specifically the business operated by Canna Cabana and KushBar, has a very limited history of operations. The Company is in the early stage of development and must be considered a start-up. As such, the Company will be subject to many risks common to such enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources and lack of revenues. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of its expected early stage of operations. The purpose of the Offering is to raise funds to execute on the Company's business plan set out in this Prospectus. Because the Company will have a limited operating history in an emerging area of business, you should consider and evaluate its operating prospects in light of the risks and uncertainties frequently encountered by early-stage companies in rapidly evolving markets. These risks may include:

- risks that it may not have sufficient capital to achieve its growth strategy;
- risks that it may not develop its product and service offerings in a manner that enables it to be profitable and meet its customers' requirements;
- risks that its growth strategy may not be successful;
- risks that fluctuations in its operating results will be significant relative to its revenues; and
- risks relating to an evolving regulatory regime.

The Company's future growth will depend substantially on its ability to address these and the other risks described in this section. If it does not successfully address these risks, its business may be significantly harmed.

Reliance on Founder and Management

The success of the Company is dependent upon the ability, expertise, judgment, discretion and good faith of its founder Raj Grover and its senior management. The Company's future success depends on its continuing ability to attract, develop, motivate and retain highly qualified and skilled employees. Qualified individuals are in high demand, and the Company may incur significant costs to attract and retain them. In addition, the loss of any of the Company's senior management or key employees could materially adversely affect its ability to execute its business plan and strategy, and it may not be able to find adequate replacements on a timely basis, or at all.

Illegal Activity by Employees

The Company is exposed to the risk that its employees, independent contractors and consultants may engage in fraudulent or other illegal activity. Misconduct by these parties could include intentional, reckless and/or negligent conduct or disclosure of unauthorized activities to the Company that violate government regulations. It is not always possible for the Company to identify and deter misconduct by its employees and other third parties, and the precautions taken by the Company to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting the Company from governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with such laws or regulations. If any such actions are instituted against the Company, and it is not successful in defending itself or asserting its rights, those actions could have a significant impact on the Company's business, including the imposition of civil, criminal and administrative penalties, damages, monetary fines, contractual damages, reputational harm, diminished profits and future earnings, and curtailment of the Company's operations, any of which could have a material adverse effect on the Company's business, financial condition and results of operations.

Reliance on Franchisees

The Company does not anticipate receiving a significant portion of its operating revenue in the form of franchise royalty payments. However, failure to achieve adequate levels of collection from the Company's future franchisees, suppliers, landlords and other customers, including by reason of disputes or litigation, could still have a negative effect on the Company's results of operations and financial condition in

particular. It is intended that the Company's franchisees will be independent operators and as such will be subject to many factors which the Company cannot control. Should economic conditions worsen, some franchisees could become unable to pay royalties and rent.

Negative Cash Flow from Operations

Canna Cabana and KushBar have had negative cash flow from operating activities since their incorporation in 2018. Although the Company anticipates Canna Cabana and KushBar will have positive cash flow from operating activities in future periods, the Company cannot guarantee Canna Cabana and KushBar will have a cash flow positive status in the future due to significant expansion plans which will require large and long-term investments. To the extent that the Canna Cabana and KushBar have negative cash flow in any future period, the Company may be required to grant them further loans for working capital, or to raise additional funds through further financings, see "DESCRIPTION OF THE BUSINESS".

Additional Financing

There is no guarantee that the Company will be able to execute on its strategy. The continued development of the Company may require additional financing. The failure to raise such capital could result in the delay or indefinite postponement of current business strategy or the Company ceasing to carry on business. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable to the Company. If additional funds are raised through issuances of equity or convertible debt securities, existing shareholders could suffer significant dilution, and any new equity securities issued could have rights, preferences and privileges superior to those of holders of Common Shares. In addition, from time to time, the Company may enter into transactions to acquire assets or the shares of other companies. These transactions may be financed wholly or partially with debt, which may temporarily increase the Company's debt levels above industry standards. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for the Company to obtain additional capital and to pursue business opportunities, including potential acquisitions. Debt financings may contain provisions, which, if breached, may entitle lenders to accelerate repayment of loans and there is no assurance that the Company would be able to repay such loans in such an event or prevent the enforcement of security granted pursuant to such debt financing. The Company may require additional financing to fund its operations to the point where it is generating positive cash flows. Negative cash flow may restrict the Company's ability to pursue its business objectives.

Operating Risk and Insurance Coverage

The Company has insurance to protect its assets, operations and employees. While the Company believes its insurance coverage addresses all material risks to which it is exposed and is adequate and customary in its current state of operations, such insurance is subject to coverage limits and exclusions and may not be available for the risks and hazards to which the Company is exposed. In addition, no assurance can be given that such insurance will be adequate to cover the Company's liabilities or will be generally available in the future or, if available, that premiums will be commercially justifiable. If the Company were to incur substantial liability and such damages were not covered by insurance or were in excess of policy limits, or if the Company were to incur such liability at a time when it is not able to obtain liability insurance, its business, results of operations and financial condition could be materially adversely affected.

Management of Growth

The Company may be subject to growth-related risks, including capacity constraints and pressure on its internal systems and controls. The ability of the Company to manage growth effectively will require it to implement and improve its operational and financial systems and to expand, train and manage its

employee base. The inability of the Company to deal with this growth may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Conflicts of Interest

The Company may be subject to various potential conflicts of interest because of the fact that some of its officers and directors may be engaged in a range of business activities. In addition, the Company's executive officers and directors may devote time to their outside business interests, so long as such activities do not materially or adversely interfere with their duties to the Company. In some cases, the Company's executive officers and directors may have fiduciary obligations associated with these business interests that interfere with their ability to devote time to the Company's business and affairs and that could adversely affect the Company's operations. These business interests could require significant time and attention of the Company's executive officers and directors.

In addition, the Company may also become involved in other transactions which conflict with the interests of its directors and the officers who may from time to time deal with persons, firms, institutions or companies with which the Company may be dealing, or which may be seeking investments similar to those desired by it. The interests of these persons could conflict with those of the Company. In addition, from time to time, these persons may be competing with the Company for available investment opportunities. Conflicts of interest, if any, will be subject to the procedures and remedies provided under applicable laws. In particular, in the event that such a conflict of interest arises at a meeting of the Company's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In accordance with applicable laws, the directors of the Company will be required to act honestly, in good faith and in the best interests of the Company.

Intellectual Property

The ability of the Company, and particularly for RGR and Famous Brandz, to develop positive operating results will depend on its ability to maintain "brand identity" through the use of intellectual property owned or licensed by the Company. If the Company fails to enforce or maintain any of its intellectual property rights, or the Company fails to enforce its rights under franchise agreements with its franchisees, the Company may be unable to capitalize on its efforts to establish and maintain brand identity. Improper use of such trademarks and other intellectual property rights in Canada in a manner that diminishes the value of such trademarks and other intellectual property rights could affect the value of the intellectual property and the operating results of the Company could decline. All registered trademarks in Canada can be challenged pursuant to provisions of the *Trademarks Act* (Canada), and the trademarks of the Company registered in jurisdictions outside of Canada could also be challenged pursuant to the laws of each applicable jurisdictions. If any intellectual property rights are ever successfully challenged, this may have an adverse impact on operating results of the Company.

The Company has not registered all of the trademarks displayed on its products, and has only registered a limited number of trademarks in the U.S. and European Union. Claims of intellectual property infringement brought against the Company in any jurisdiction could negatively impact its business, regardless of whether such allegations are true or whether the Company is ultimately held liable.

Information Technology

The Company anticipates relying on computer systems and network infrastructures across its operations, including point of sales systems, payment processing and financial reporting. Furthermore, the Company, and particularly the Cannabis Outlets, expect to collect personal information of cannabis consumers, which may be of a particularly sensitive nature. Although the Company anticipates that it will put forward significant efforts to protect these systems, it is likely that they will remain vulnerable to damage, viruses, security breaches and other harmful incidents. The occurrence of any such problem could potentially impact the Company and the Company's franchisees adversely.

Potential Litigation and Other Complaints

The Company, through its owned stores and franchisees may be the subject of complaints or litigation from customers, due to injuries suffered on the premises or other health or operational concerns. Additionally, products sold may be subject to product liability litigation from consumers. Adverse publicity resulting from such allegations may materially affect the sales, regardless of whether such allegations are true or whether the Company or franchisee are ultimately held liable.

Acquisitions

The Company expects that in the future it will further expand its operations, brands, and product offerings through the acquisition of additional businesses, products or technologies. However, the Company may not be able to identify suitable acquisition targets or merger partners and the Company's ability to efficiently integrate large acquisitions may be limited by its lack of experience with them. If Spin Master is able to identify suitable targets or merger partners, it may not be able to acquire these targets on acceptable terms or agree to terms with merger partners. Also, Spin Master may not be able to integrate or profitably manage acquired businesses and may experience substantial expenses, delays or other operational or financial problems associated with the integration of acquired businesses. The Company may also face substantial expenses, delays or other operational or financial problems if it is unable to sustain the distribution channels and other relationships currently in place at an acquired business. The businesses, products, brands or properties the Company acquires may not achieve or maintain popularity with consumers, and other anticipated benefits may not be realized immediately or at all. Furthermore, integration of an acquired business may divert the attention of the Company's management from its core business. In cases where the Company acquires businesses that have key talented individuals, it cannot be certain that those persons will continue to work for it after the acquisition or that they will continue to develop popular and profitable products. Loss of such individuals could materially and adversely affect the value of businesses that the Company acquires. Acquisitions also entail numerous other risks including, but not limited to, the following:

- unanticipated costs and legal liabilities;
- adverse effects on the Company's existing business relationships with its suppliers and customers;
- risk of entering markets in which the Company has limited or no prior experience;
- and amortizing any acquired intangible assets; and
- difficulties in maintaining uniform standards, procedures, controls and policies.

Consistent with the Company and the Subsidiaries' past practice and in the normal course of business, the Company has entered into multiple non-binding and confidential memoranda of understanding. There is no certainty that future investments or acquisitions will be made, whether in relation to each individual memorandum of understanding, or otherwise. The Company expects to continue to actively pursue other acquisition and investment opportunities during the course of the Offering. See "DESCRIPTION OF THE BUSINESS".

RISKS RELATED TO THIS OFFERING

No Prior Public Market for Common Shares

The Common Shares have not been listed or quoted on any stock exchange or market. The Company has applied to the CSE for the listing of the Common Shares. The CSE has not approved the listing of the Common Shares. Listing is subject to the Company fulfilling all the requirements of the CSE, including meeting all minimum listing requirements. There is no guarantee that the CSE will provide approval for the listing of the Common Shares.

An active and liquid market for the Common Shares might not develop following the completion of the Offering or, if developed, might not be maintained. If an active public market does not develop or is not maintained, investors might have difficulty selling their Common Shares.

The Offering Price has been determined by negotiations between the Company and the Agents and may not be indicative of the price at which the Common Shares will trade following the completion of the Offering and the listing of the Common Shares on the CSE (if the listing of the Common Shares is approved). The Company cannot assure investors that the market price of Common Shares will not materially decline below the Offering Price.

No Market for Special Warrants

There is currently no market through which the Special Warrants may be sold and the Company has not applied to any stock exchange to list the Special Warrants. Accordingly, the purchasers may not be able to resell the securities purchased under this Prospectus. This may affect the pricing of the Special Warrants in the secondary market, the transparency and availability of trading prices, the liquidity of the Special Warrants, and the extent of issuer regulation.

Additional Regulatory Burden

Prior to the Offering, the Company has not been subject to the continuous and timely disclosure requirements of Canadian securities laws or other rules, regulations and policies of the CSE. The Company is working with its legal, accounting and financial advisors to identify those areas in which changes should be made to its financial management control systems to manage the Company's obligations as a public company. These areas include corporate governance, corporate controls, disclosure controls and procedures and financial reporting and accounting systems. The Company has made, and will continue to make, changes in these and other areas, including its internal controls over financial reporting. In addition, compliance with reporting and other requirements applicable to public companies will create additional costs for the Company and will require the time and attention of management. The Company cannot predict the amount of the additional costs that it might incur, the timing of such costs or the impact that management's attention to these matters will have on its business.

Unpredictable and Volatile Market Price for Common Shares

The market price of the Common Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Company's control. This volatility may affect the ability of holders of Common Shares to sell their securities at an advantageous price. Market price fluctuations in the Common Shares may be due to the Company's operating results failing to meet expectations of securities analysts or investors in any period, downward revision in securities analysts' estimates, adverse changes in general market conditions or economic trends, acquisitions, dispositions or other material public announcements by the Company or its competitors, along with a variety of additional factors. These broad market fluctuations may adversely affect the market price of the Common Shares.

Financial markets historically at times experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of companies and that have often been unrelated to the operating performance, underlying asset values or prospects of such companies. Accordingly, the market price of the Common Shares may decline even if the Company's operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue, the Company's operations could be adversely impacted and the trading price of the Common Shares may be materially adversely affected.

No Dividends

The Company has not paid dividends on its Common Shares and does not anticipate paying dividends on its Common Shares in the foreseeable future. The Company's board of directors has sole authority to declare dividends payable to Shareholders. The fact that the Company has not, and does not plan to pay dividends indicates that the Company uses its funds generated by operations for reinvestment in its operating activities. Investors also must evaluate an investment in the Company solely on the basis of anticipated capital gains. See "DIVIDEND POLICY".

Use of Proceeds

The Company's management will have broad discretion to use the net proceeds received from the Offering, and the investor will be relying on management's judgment regarding the application of these proceeds. The Company intends to use the net proceeds of the Offering as set out under "Use of Proceeds" in this Prospectus. However, these allocations are based on the current expectations of management of the Company and there may be circumstances where, for business reasons, a reallocation of funds may be necessary as may be determined at the discretion of the Company. There can be no assurance as of the date of this Prospectus as to how those funds may be reallocated.

Dilution and Future Sales of Common Shares

The Company may issue additional Common Shares in the future, which may dilute a shareholder's holdings in the Company. The Company's articles permit the issuance of an unlimited number of Common Shares, and shareholders will have no pre-emptive rights in connection with such further issuance. The directors of the Company have discretion to determine the price and the terms of issue of further issuances. Moreover, if the Company issues stock options to purchase the Company's Common Shares, and such stock options are exercised, an investor will incur additional dilution.

Tax

Canadian federal and provincial tax issues should be taken into consideration prior to investing in the Special Warrants or any other Offered Securities. The return on an investor's investment is subject to taxes and to changes in Canadian tax laws. There can be no assurance that tax laws, regulations or judicial or administrative interpretations of these laws and regulations will not change in a manner that fundamentally alters the tax consequences to investors holding or disposing of the Offered Securities.

As a result of these factors, this Offering is suitable only to investors who are willing to rely solely on the management of the Corporation and who can afford to lose their entire investment. Those investors who are not prepared to do so should not invest in the Common Shares.

PROMOTER

Raj Grover is the founder and a director and officer of the Company, RGR, Smoker's Corner, Canna Cabana, KushBar, and Kush West and may be considered a promoter of the Company. For a description of the voting and equity securities of the Company held by Raj Grover see "THE DIRECTORS AND EXECUTIVE OFFICERS" and for a description of all compensation received within the two years immediately preceding the date of the prospectus and to be received by Raj Grover see "EXECUTIVE COMPENSATION".

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

The Company and the Subsidiaries are not, and have not been since the beginning of the fiscal year ended October 31, 2017, a party to any material legal proceedings or regulatory actions. To the best of its knowledge, there are no material legal proceedings or threatened or pending involving the Company or any of the Subsidiaries.

RELATIONSHIP BETWEEN THE COMPANY AND THE AGENTS

The Agents were not involved in the decision by the Company to distribute Special Warrants pursuant to the Offering, nor was the Offering requested or suggested to the Company or its Subsidiaries by the Agents. The Agents, through their corporate finance departments, were involved in the determination of the terms of the Offering in their capacity as agents for the sale of the Special Warrants on a commercially reasonable efforts agency basis. But for certain Prior Issued Broker Warrants held by the Lead Agent, the Agents did not, prior to completion of the Offering, own directly or indirectly, any securities of the Company or its Subsidiaries and the only proceeds they received for the Offering was the remuneration to be paid to them in connection with the sale of the Special Warrants, which includes the Agents' Commission, the Broker Warrants, and Agents' Expenses. See "USE OF PROCEEDS" and "DESCRIPTION OF SECURITIES DISTRIBUTED – BROKER WARRANTS".

RELATIONSHIP BETWEEN THE COMPANY AND PROFESSIONAL PERSONS

Certain legal matters in connection with the Offering have been passed upon on behalf of the Company by Garfinkle Biderman LLP and on behalf of the Agents by Borden Ladner Gervais LLP. As of the date of this Prospectus, the partners of Borden Ladner Gervais LLP, as a group, owned, directly or indirectly, less than 1% of the outstanding Common Shares. The partners of Garfinkle Biderman LLP, as a group, owned, directly or indirectly, less than 2% of the outstanding Common Shares.

MNP LLP are the auditors of the Company and have confirmed that they are independent within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Alberta.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

COMPANY

Other than as disclosed in this Prospectus, no director or executive officer of the Company or any person or company that beneficially owns, or controls, directly or indirectly, more than 10% of any class of the Company's outstanding voting securities, or an associate or affiliate of any persons or companies referred to in this paragraph, has any material interest, direct or indirect, in any transaction, within the three years before the date of this Prospectus that has materially affected or is reasonably expected to materially affect the Company.

SUBSIDIARIES

Other than as disclosed in this Prospectus, no director or executive officer of any Subsidiary or any person or company that beneficially owns, or controls, directly or indirectly, more than 10% of any class of any Subsidiary's outstanding voting securities, or an associate or affiliate of any persons or companies referred to in this paragraph, has any material interest, direct or indirect, in any transaction, within the three years before the date of this Prospectus that has materially affected or is reasonably expected to materially affect the Subsidiary.

AUDITOR, TRANSFER AGENT AND REGISTRAR

The auditor of the Company and the Subsidiaries is MNP LLP at its office located at 640 5th Avenue SW, Suite 1500, Calgary, Alberta T2P 3G4.

The Company's transfer agent and registrar is AST Trust Company (Canada), at its office located at 333 7th Avenue SW, suite 600, The Dome Tower, Calgary, Alberta T2P 2Z1.

MATERIAL CONTRACTS

There are no contracts of the Company that are material to the Company, other than as set forth below:

- (a) The Agency Agreement between the Company and the Agents dated August 22, 2018, which was entered into in respect of the Offering.
- (b) The Special Warrant Indenture between the Company and AST Trust Company (Canada) dated August 22, 2018, which is further described under “DESCRIPTION OF SECURITIES DISTRIBUTED”.
- (c) The Warrant Indenture between the Company and AST Trust Company (Canada) dated August 22, 2018, which is further described under “DESCRIPTION OF SECURITIES DISTRIBUTED”.

Copies of these agreements will be available for inspection at the offices of the Company’s counsel, Garfinkle Biderman LLP, 1 Adelaide Street East, Suite 801, Toronto, ON M5C 2V9 at any time during ordinary business hours. Copies of these agreements are also available on SEDAR at www.sedar.com.

OTHER MATERIAL FACTS

There are no material facts about the Company and its Subsidiaries or the Offering which are not otherwise disclosed in this Prospectus.

SCHEDULE “A” – COMBINED FINANCIAL STATEMENTS

RGR Canada Inc., Smoker's Corner Ltd. and Famous Brandz Inc.
Combined Financial Statements

For the years ended October 31, 2017 and 2016

Independent Auditors' Report

To the Directors of RGR Canada Inc., Smoker's Corner Ltd. and Famous Brandz Inc.

We have audited the accompanying combined financial statements of RGR Canada Inc., Smoker's Corner Ltd. and Famous Brandz Inc., which comprise the combined statements of financial position as at October 31, 2017 and 2016 and the combined statements of income and other comprehensive income, changes in shareholders' equity and cash flows for the years then ended and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of combined financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the combined financial statements present fairly, in all material respects, the combined financial position of RGR Canada Inc., Smoker's Corner Ltd. and Famous Brandz Inc. as at October 31, 2017 and 2016, and their combined financial performance and their combined cash flows for the years then ended in accordance with International Financial Reporting Standards.

Calgary, Alberta
August 20, 2018

MNP LLP
Chartered Professional Accountants



RGR Canada Inc., Smoker's Corner Ltd. and Famous Brandz Inc.

Combined Statements of Financial Position

Stated in Canadian Dollars

As at October 31,

		2017		2016
ASSETS				
Current assets				
Accounts receivable (Note 5)	\$	1,710,402	\$	1,099,373
Advances to related parties (Note 6)		1,726,706		1,843,071
Current portion of loans receivable (Note 7)		1,473,028		1,399,601
Prepaid expenses		232,485		474,854
Inventory (Note 8)		3,542,590		3,721,104
Marketable securities (Note 9)		697,874		162,916
Cash and cash equivalents		1,067,493		1,115,338
Total current assets	\$	10,450,578	\$	9,816,257
Non-current assets				
Property and equipment (Note 10)	\$	101,251	\$	79,337
Deferred tax asset (Note 16)		479,225		228,439
Loans receivable (Note 7)		81,950		294,185
Total non-current assets	\$	662,426	\$	601,961
Total assets	\$	11,113,004	\$	10,418,218
LIABILITIES AND EQUITY				
Current liabilities				
Accounts payable and accrued liabilities (Note 11)	\$	798,895	\$	499,837
Income taxes payable		677,166		607,555
Current portion of finance lease obligation (Note 12)		32,907		24,636
Preference shares (Note 15)		18,629,100		18,629,100
Shareholder loans (Note 13)		209,938		506,016
Total current liabilities	\$	20,348,006	\$	20,267,144
Non-current liabilities				
Finance lease obligation (Note 12)	\$	21,833	\$	25,239
Total non-current liabilities	\$	21,833	\$	25,239
Total liabilities	\$	20,369,839	\$	20,292,383
Shareholders' deficiency				
Share capital (Note 14 (b))	\$	786,636	\$	6
Accumulated other comprehensive income		51,021		-
Accumulated deficit		(10,094,492)		(9,874,171)
Total shareholders' deficiency	\$	(9,256,835)		(9,874,165)
Total liabilities and shareholders' deficiency	\$	11,113,004	\$	10,418,218

Commitments (Note 22)

Subsequent events (Note 23)

Approved on behalf of the Board:

(Signed) "Harkirat (Raj) Grover"

President and Chairman of the Board

RGR Canada Inc., Smoker's Corner Ltd. and Famous Brandz Inc.

Combined Statement of Income and Other Comprehensive Income

Stated in Canadian Dollars

For the years ended October 31,

	2017	2016
Revenue		
Merchandise sale	\$ 9,828,912	\$ 7,669,950
Royalty	792,662	676,819
Interest and other	162,547	96,557
Less: Discounts	(790,875)	(3,342)
	\$ 9,993,246	8,439,984
Cost of sales	\$ (5,285,496)	\$ (4,045,923)
Gross margin	\$ 4,707,750	\$ 4,394,061
Expenses		
Salaries, wages and benefits	\$ 1,638,157	\$ 1,278,366
General and administration	1,196,754	1,065,719
Professional fees	347,800	79,384
Advertising and promotion	399,163	178,541
Depreciation (Note 10)	28,290	71,995
Interest and bank charges	138,747	48,490
Total expenses	\$ 3,748,911	\$ 2,722,495
Income before other income (expenses)	\$ 958,839	\$ 1,671,566
Other income (expenses)		
Foreign exchange (loss) gain	\$ (116,467)	\$ 12,345
Income before taxes	\$ 842,372	\$ 1,683,911
Income taxes (Note 16)	265,067	468,153
Income for the year	\$ 577,305	\$ 1,215,758
Other comprehensive income		
Gain on fair value of available for sale marketable securities (Note 9)	\$ 51,021	-
Total comprehensive income for the year	628,326	1,215,758
Income per share (Note 17)		
Basic	\$ 0.05	\$ 3.04
Diluted	\$ 0.05	\$ 3.04

The accompanying notes are an integral part of the combined financial statements.

RGR Canada Inc., Smoker's Corner Ltd. and Famous Brandz Inc.

Combined Statements of Changes in Shareholders' Equity

Stated in Canadian dollars

	Share capital \$	Accumulated other comprehensive income \$	Retained earnings (loss) \$	Total Shareholders' deficiency \$
Balance at October 31, 2015	6	-	7,694,484	7,694,490
Share repurchased (Notes 14 (b) and 15)	(2)	-	(18,629,098)	(18,629,100)
Share issued (Note 14 (b))	2	-	-	2
Income for the year	-	-	1,215,758	1,215,758
Payment of dividends	-	-	(155,315)	(155,315)
Balance at October 31, 2016	6	-	(9,874,171)	(9,874,165)
Bonus shares (Note 14 (b))	237,619	-	(237,619)	-
Shares issued upon conversion of shareholder loans (Note 14 (b))	549,011	-	-	549,011
Payment of dividends (Note 14 (b))	-	-	(560,007)	(560,007)
Income for the year	-	-	577,305	577,305
Other comprehensive income	-	51,021	-	51,021
Balance at October 31, 2017	786,636	51,021	(10,094,492)	(9,256,835)

The accompanying notes are an integral part of the combined financial statements.

RGR Canada Inc., Smoker's Corner Ltd. and Famous Brandz Inc.

Combined Statements of Cash Flows

Stated in Canadian dollars

For the years ended October 31,

	2017	2016
Operating activities		
Income for the year	\$ 577,305	\$ 1,215,758
Income taxes	265,067	468,153
Depreciation (Note 10)	28,290	71,995
Impairment (reversal) loss on trade receivables (Note 19)	(11,168)	82,642
Inventory obsolescence (reversal) provision	(37,376)	101,376
	\$ 822,118	\$ 1,939,924
Change in working capital accounts:		
Account receivables	(599,861)	(568,947)
Inventory	215,890	(339,365)
Prepaid expenses	242,369	(410,708)
Loans receivable	138,808	(896,393)
Advances to related parties	116,365	25,885
Accounts payable and accrued liabilities	299,058	120,658
Shareholder loans	252,933	506,016
Income tax paid	(446,242)	(87,350)
Cash flows provided by operating activities	\$ 1,041,438	\$ 289,720
Financing activities		
Receipt of from finance lease obligation (Note 12)	\$ 31,380	\$ -
Repayment of finance lease obligation (Note 12)	(26,515)	(23,703)
Payment of dividends	(560,007)	(155,315)
Share issuance	-	2
Cash flows used in financing activities	\$ (555,142)	\$ (179,016)
Investing activities		
(Purchase) disposition of marketable securities	(483,937)	820,558
Purchase of property and equipment	(50,204)	(2,444)
Cash flows (used in) provided by investing activities	\$ (534,141)	\$ 818,114
(Decrease) increase in cash	\$ (47,845)	\$ 928,818
Cash and cash equivalents, beginning of the year	1,115,338	186,520
Cash and cash equivalents, end of the year	\$ 1,067,493	\$ 1,115,338

The accompanying notes are an integral part of the combined financial statements.

RGR Canada Inc., Smoker's Corner Ltd. and Famous Brandz Inc.

Notes to the Combined Financial Statements

Stated in Canadian dollars

For the years ended October 31, 2017 and 2016

1. Description of business

Nature of the business

RGR Canada Inc. was incorporated under the laws of Alberta, Canada on November 16, 2010, Smoker's Corner Ltd. was incorporated under the laws of Alberta, Canada on July 22, 2009, and Famous Brandz Inc. was incorporated under the laws of Ontario, Canada on September 28, 2015, together (the "Group").

The Group is a privately-held, wholesale and retail, smoking accessories corporation. Specific principal activities of each of the entities within the Group are as follows: RGR Canada Inc. is a high-quality and innovative designer, manufacturer and distributor of smoking accessories. Smoker's Corner Ltd. is approved by the Canadian Franchise Association and is a Canadian counter-culture chain with 19 current locations. Famous Brandz is a manufacturer of licensed lifestyle accessories, through partnerships with celebrities and entertainment companies, which are sold to wholesalers and retailers around the world.

The address of the Group's corporate and registered office is 120 4954 Richmond Road SW, Calgary, Alberta T3E 6L1.

Going concern

At October 31, 2017, the Group has a working capital deficit of \$9,897,428 (2016 - \$10,450,887), which is mainly due to the issuance of redeemable preference shares in the amount of \$18,629,100 in June 2016 (Note 15). The Group generated income for the year of \$577,305 (2016 - \$1,215,758) and also generated positive operating cash flows of \$1,041,438 during the year (2016 - \$289,720).

Subsequent to the year-end, Group underwent an organizational restructuring whereby an ultimate parent company, High Tide Ventures Inc. ("High Tide") acquired, through share exchange, all of the common shares of RGR Canada Inc. and Smoker's Corner Ltd. on February 28, 2018 and acquired, through share conversion and issuance of shares for convertible debentures, all of the common shares of Famous Brandz Inc. on April 2, 2018. High Tide also acquired all of the redeemable preference shares of RGR Canada Inc. and Smoker's Corner Ltd. from the holders, issuing common shares of High Tide in exchange.

In addition, subsequent to the year end, the Group raised funds through issuance of convertible debentures with warrants, private brokered placement of High Tide's common shares and entered into private placement of 7,246,377 special warrants (Note 23); these transactions are expected to provide the Group an excess of additional funds to undertake its planned capital and operational programs.

Accordingly, these financial statements have been on the basis of accounting policies applicable to a going concern, which assumes that the Group will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business.

2. Basis of preparation

Statement of compliance

These combined financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). These combined financial statements represent the Group's first annual financial statements under IFRS and are for the years ended October 31, 2017 and 2016.

These combined financial statements were authorized for issue by the Board of Directors on August 20, 2018.

Basis of measurement

These combined financial statements have been prepared on the historical cost basis except for certain financial instruments that have been measured at fair value.

Functional and presentation currency

These combined financial statements are presented in Canadian dollars which is the Group's functional currency.

The functional currency of RGR Canada Inc., Smoker's Corner Ltd. and Famous Brandz Inc. is also the Canadian dollars.

RGR Canada Inc., Smoker's Corner Ltd. and Famous Brandz Inc.

Notes to the Combined Financial Statements

Stated in Canadian dollars

For the years ended October 31, 2017 and 2016

2. Basis of preparation *(continued)*

Use of estimates and judgments

The preparation of combined financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the combined financial statements and the reported amounts of revenues and expenses during the years. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. Areas where estimates and judgements are significant to the combined financial statements are disclosed in Note 4.

3. Summary of significant accounting policies

The accounting policies set out below are considered to be significant and have been applied consistently by the Group to all years presented in these combined financial statements.

Basis of combination

The Combined financial statements include the following companies:

- RGR Canada Inc.;
- Smoker's Corner Ltd.; and
- Famous Brandz Inc.

Subsequent to the year end, the above companies entered into share exchange agreements with High Tide Ventures Inc., which became the ultimate holding company. As these companies were under common control prior to the share exchange transaction, these financial statements have been presented on a combined basis.

Control exists when the Group has the power, directly and indirectly, to govern the financial and operating policies of a company and be exposed to the variable returns from its activities. The financial statements of the above companies are included in the combined consolidated financial statements from the date that control commences until the date that control ceases.

All inter-company transactions, balances and unrealized gains/losses on transactions between these companies are eliminated upon combination.

Cash and cash equivalents

Cash and cash equivalent consists of bank balances and highly liquid short-term investments with a maturity date of less than 90 days which are convertible to known amounts of cash at any time by the Group without penalties.

Inventory

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated on a specific identification or first-in first-out basis and includes expenditures incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Property and equipment

Property and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.

Depreciation is provided using the following methods at rates intended to depreciate the costs of the assets over their estimated use lives:

Asset	Method	Useful life
Office equipment and computers	Straight-line	3 to 5 years
Vehicles	Straight-line	5 years
Leasehold improvements	Straight-line	Term of lease

When a property and equipment asset has significant components with different useful lives, each significant component is depreciated separately.

RGR Canada Inc., Smoker's Corner Ltd. and Famous Brandz Inc.

Notes to the Combined Financial Statements

Stated in Canadian dollars

For the years ended October 31, 2017 and 2016

3. Summary of Significant Accounting Policies *(continued)*

The estimated useful lives and depreciation methods are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in combined statement of income and other comprehensive income.

Repairs and maintenance costs that do not improve or extend productive life are recognized in the combined statement of income and other comprehensive income in the period in which the costs are incurred.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Foreign currencies

Transactions in currencies other than the Group's functional currency are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences on monetary items are recognized in combined statement of income and other comprehensive income in the period in which they arise.

Revenue recognition

Revenue is measured at the fair value of consideration received or receivable, net of sales tax, trade discounts, rebates and similar allowances.

Revenue is recognized when the criteria specific to each separately identifiable component is met and the following conditions are satisfied:

- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Group; and,
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Retail revenue

Retail revenue consists of sales through the corporate stores, franchised stores and e-commerce operations. Sales through ecommerce operations are recognized upon the delivery of the goods to the customer and when collection is reasonably assured.

It is the Group's policy to sell merchandise with a limited right to return. Returns are only provided through exchanges or the issuance of a gift certificate.

Royalty revenue

Ongoing royalty fees, which are determined on a formula basis in accordance with the terms of the relevant franchise agreement, are recognized in combined statement of income and other comprehensive income when earned or when the related services have been provided.

RGR Canada Inc., Smoker's Corner Ltd. and Famous Brandz Inc.

Notes to the Combined Financial Statements

Stated in Canadian dollars

For the years ended October 31, 2017 and 2016

3. Summary of Significant Accounting Policies *(continued)*

Cost of sales

Cost of sales includes direct materials, direct labour, shipping and handling, and indirect overhead related to the sale of goods.

Income taxes

Income tax expense is comprised of current and deferred tax. Tax is recognized in the combined statement of income and other comprehensive income except to the extent that it relates to items recognized in other comprehensive income or equity on the statement of financial position.

Current tax

Current tax is calculated using tax rates which are enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to taxation authorities.

Deferred tax

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates which are enacted or substantively enacted at the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax liabilities are generally recognized for all taxable temporary differences, except for temporary differences that arise from goodwill, which is not deductible for tax purposes. Deferred tax liabilities are also recognized for taxable temporary differences arising on investments in subsidiaries except where the reversal of the temporary difference can be controlled and it is probable that the difference will not reverse in the foreseeable future.

Deferred tax assets are recognized to the extent it is probable that taxable profits will be available against which the deductible balances can be utilized. All deferred tax assets are analyzed at each reporting period and reduced to the extent that it is no longer probable that the asset will be recovered. Deferred tax assets and liabilities are not recognized with respect to temporary differences that arise on initial recognition of assets and liabilities acquired other than in a business combination.

Income per share

Basic income per share is calculated by dividing the profit or loss attributable to equity holders of the Group by the weighted average number of common shares outstanding during the year.

Diluted income per share is calculated by dividing the profit attributable to equity holders of the Group by the weighted average number of common shares outstanding, adjusted for the effects of all dilutive potential common shares. The weighted average number of common shares outstanding is increased by the total number of additional common shares that would have been issued by the Group assuming exercise of all share options with exercise prices below the average market price for the year.

Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses. The operating results of all operating segments for which discrete financial information is available are reviewed regularly by executive management to make decisions about resources to be allocated to the segments and assess their performance. Segment results that are important to executive management generally include items directly attributable to a segment.

Leases

Payments made under operating leases are recognized in earnings on a straight-line basis over the term of the lease. Lease incentives/inducements received are recognized as an integral part of the total lease expense over the term of the lease. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

RGR Canada Inc., Smoker's Corner Ltd. and Famous Brandz Inc.

Notes to the Combined Financial Statements

Stated in Canadian dollars

For the years ended October 31, 2017 and 2016

3. Summary of Significant Accounting Policies *(continued)*

Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in the combined statement of income and other comprehensive income.

The Group's financial assets and financial liabilities are classified into the following categories:

Financial asset/liability	Classification	Measurement
Cash and cash equivalents	Fair value through profit or loss	Fair value
Marketable securities	Available for sale	Fair value
Accounts receivable	Loans and receivables	Amortized cost
Loans receivable	Loans and receivables	Amortized cost
Advances to related parties	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost
Finance lease obligation	Other financial liabilities	Amortized cost
Shareholder loans	Other financial liabilities	Amortized cost

Financial assets

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: loans and receivables, held to maturity, available for sale or fair value through profit or loss ("FVTPL").

Financial assets classified as loans and receivables and held to maturity are subsequently measured at amortized cost using the effective interest method less any allowance for impairment. The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and that are not classified in any of the other categories. Unquoted equity securities whose fair value cannot be reliably measured are carried at cost. All other available-for-sale financial assets are carried at fair value with unrealized gains or losses recognized in other comprehensive income except for losses in value that are considered other than temporary or a significant or prolonged decline in the fair value of that asset below its cost.

Financial assets classified as FVTPL are subsequently measured at fair value with unrealized gains or losses recognized through the statement of income and other comprehensive income

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'. Other financial liabilities are subsequently measured at amortized cost using the effective interest method.

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in the combined statement of income and other comprehensive income.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

RGR Canada Inc., Smoker's Corner Ltd. and Famous Brandz Inc.

Notes to the Combined Financial Statements

Stated in Canadian dollars

For the years ended October 31, 2017 and 2016

3. Summary of Significant Accounting Policies *(continued)*

Impairment

Financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of accounts receivable, where the carrying amount is reduced through the use of the allowance or provision for impairment account. Such a provision is established when there is reasonable expectation that the Group will not be able to collect all amounts due. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the CGU to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

When an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, limited such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or CGU) in prior years. A reversal of an impairment loss is recognized immediately in the combined statement of income and other comprehensive income.

Marketable securities

Marketable securities are classified as available-for-sale securities. Such securities are measured at fair market value in the combined financial statements with unrealized gains or losses recorded in other comprehensive income. Fair values for marketable securities are estimated using quoted market prices in active markets, obtained from securities exchanges. At the time securities are sold or otherwise disposed of, gains or losses are included in net income or loss.

Preference shares

The Group's redeemable preference shares are classified as financial liabilities because they are redeemable by the Group or at the option of the holder when notice is served by the party exercising the option. Any dividends thereon are recognized as interest expense in statement of income as and when declared.

RGR Canada Inc., Smoker's Corner Ltd. and Famous Brandz Inc.

Notes to the Combined Financial Statements

Stated in Canadian dollars

For the years ended October 31, 2017 and 2016

3. Summary of Significant Accounting Policies *(continued)*

Recently issued accounting standards not yet applied

In January 2016, the IASB issued IFRS 16 Leases, which requires lessees to recognize all leases on the statement of Financial Position. IFRS 16 is effective for annual periods beginning on or after January 1, 2019 with earlier application permitted for companies that also applies IFRS 15 Revenue from Contracts with Customers.

In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers, which replaces IAS 18 Revenue, IAS 11 Construction Contracts, and related interpretations. The standard is required to be adopted either retrospectively or using a modified transition approach for fiscal years beginning on or after January 1, 2018, with earlier adoption permitted. IFRS 15 will come into effect for annual periods beginning on or after January 1, 2018.

In July 2014, the IASB completed the final elements of IFRS 9 Financial Instruments. The Standard supersedes earlier versions of IFRS 9 and completes the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9, as amended, includes a principle-based approach for classification and measurement of financial assets, a single 'expected loss' impairment model and a substantially reformed approach to hedge accounting. IFRS 9 will come into effect for annual periods beginning on or after January 1, 2018, with earlier adoption permitted.

In April 2016, the IASB issued amendments to IAS 7 Statement of Cash Flows for annual periods beginning on or after January 1, 2017, with earlier application permitted. The amendments require entities to provide disclosures that enable users of combined financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

On January 19, 2016, the IASB issued amendments to IAS 12, Income Taxes, relating to the recognition of deferred tax assets for unrealized losses. The amendments are effective for annual periods beginning on or after January 1, 2017, with early adoption permitted.

The Group is currently evaluating the impact of the above standards on its combined financial statements.

4. Use of judgements and estimates

In the application of the Group's accounting policies management is required to make judgements, estimates and assumptions that affect the carrying amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combined financial statements, and the reported amounts of revenues and expenses for the years presented. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant, the results of which form the basis of the valuation of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to 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.

The following are the critical judgements in applying accounting policies and key sources of estimation uncertainty at the end of the reporting year that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Estimates

Critical accounting estimates are those that require management to make assumptions about matters that are highly uncertain at the time the estimate or assumption is made. Critical accounting estimates are also those that could potentially have a material impact on the Group's financial results where a different estimate or assumption is used. The significant area of estimation uncertainty is:

Allowance for doubtful accounts

The Group makes an allowance for doubtful accounts based on an assessment of the recoverability of receivables. Allowances are applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analyzed historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in customer payment terms when estimating the adequacy of the allowance for doubtful accounts. Where the expectation is different from the original estimate, such difference will impact the carrying value of receivables.

RGR Canada Inc., Smoker's Corner Ltd. and Famous Brandz Inc.

Notes to the Combined Financial Statements

Stated in Canadian dollars

For the years ended October 31, 2017 and 2016

4. Use of judgements and estimates (*continued*)

Write-down of inventory

Inventory is carried at the lower of cost and net realizable value; in estimating net realizable value, the Group makes estimates related to obsolescence, future selling prices, seasonality, customer behaviour, and fluctuations in inventory levels.

Taxation

The calculations for current and deferred taxes require management's interpretation of tax regulations and legislation in the various tax jurisdictions in which the Group operates, which are subject to change. The measurement of deferred tax assets and liabilities requires estimates of the timing of the reversal of temporary differences identified and management's assessment of the Group's ability to utilize the underlying future tax deductions against future taxable income before they expire, which involves estimating future taxable income.

The Group is subject to assessments by various taxation authorities in the tax jurisdictions in which it operates and these taxation authorities may interpret the tax legislation and regulations differently. In addition, the calculation of income taxes involves many complex factors. As such, income taxes are subject to measurement uncertainty and actual amounts of taxes may vary from the estimates made by management.

Deferred tax assets

Deferred tax assets, including those arising from tax loss carry-forwards, require management to assess the likelihood that the Group will generate sufficient taxable income in future periods in order to utilize recognized deferred tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. In addition, future changes in tax laws could limit the ability of the Group to obtain tax deductions in future periods. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realize the net deferred tax assets recorded at the reporting date could be impacted.

Judgements

Judgement is used in situations when there is a choice and/or assessment required by management. The following are critical judgements apart from those involving estimations, that management has made in the process of applying the Group's accounting policies and that have a significant effect on the amounts recognized in the combined financial statements.

Determination of CGUs

For the purposes of assessing impairment of non-financial assets, the Group must determine CGUs. Assets and liabilities are grouped into CGUs at the lowest level of separately identified cash flows. Determination of what constitutes a CGU is subject to management judgement. The asset composition of a CGU can directly impact the recoverability of assets included within the CGU. The determination of the Group's CGUs was based on management's judgement in regard to shared infrastructure, geographical proximity and similar exposure to market risk and materiality. The Group has 1 CGU at October 31, 2017 (October 31, 2016 – 1).

Contingencies

Management uses judgement to assess the existence of contingencies. By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. Management also uses judgement to assess the likelihood of the occurrence of one or more future events.

5. Accounts receivable

	2017	2016
Trade receivables	\$ 1,819,233	\$ 1,219,372
Allowance for doubtful receivables	(108,831)	(119,999)
	\$ 1,710,402	\$ 1,099,373

RGR Canada Inc., Smoker's Corner Ltd. and Famous Brandz Inc.

Notes to the Combined Financial Statements

Stated in Canadian dollars

For the years ended October 31, 2017 and 2016

6. Advances to related parties

The balance represents advances issued to shareholders and entities controlled by shareholders of the Group. These advances bear no interest, are unsecured and have no repayment terms.

Transactions with related parties are in the normal course of operations and are initially recorded at fair value.

7. Loans receivable

	2017	2016
Term loans (i)	\$ 439,595	\$ 439,180
Demand loans (ii)	1,115,383	1,254,606
	1,554,978	1,693,786
Less current portion:	(1,473,028)	(1,399,601)
	\$ 81,950	\$ 294,185

Loan receivable balance represents amounts due from franchisees on sale of merchandise to them by the Group upon signing a franchise agreement.

- (i) These loans are unsecured, bears interest ranging between 5% and 7% per annum and require blended payments of principal and interest between \$3,800 and \$17,500 monthly.
- (ii) These loans are unsecured, non-interest bearing and are due on demand.

8. Inventory

	2017	2016
Retail inventory	\$ 3,951,783	\$ 4,167,673
Provision for obsolescence	(409,193)	(446,569)
	\$ 3,542,590	\$ 3,721,104

Inventories recognized as an expense and included in cost of sales during the year ended October 31, 2017 totaled \$4,060,737 (2016 – \$4,019,722).

9. Marketable securities

Marketable securities include the following:

	2017	2016
Listed equity securities	\$ 313,336	\$ 162,916
Listed fixed income securities	384,538	-
	\$ 697,874	\$ 162,916

The Group recorded an unrealized gain on change in fair value of the marketable securities of \$51,021 (2016 - \$Nil) in other comprehensive income.

RGR Canada Inc., Smoker's Corner Ltd. and Famous Brandz Inc.

Notes to the Combined Financial Statements

Stated in Canadian dollars

For the years ended October 31, 2017 and 2016

10. Property and equipment

	Office equipment and computers	Leasehold improvements	Vehicles	Total
Cost				
Balance, October 31, 2015	\$ 31,552	\$ 321,440	\$ 143,292	\$ 496,284
Additions	2,444	-	-	2,444
Disposals	(5,000)	-	(10,207)	(15,207)
Balance, October 31, 2016	\$ 28,996	\$ 321,440	\$ 133,085	\$ 483,521
Additions	20,316	-	29,888	50,204
Balance, October 31, 2017	\$ 49,312	\$ 321,440	\$ 162,973	\$ 533,725
Accumulated depreciation				
Balance, October 31, 2015	\$ 9,959	\$ 266,629	\$ 70,808	\$ 347,396
Charge for the year	7,709	42,541	21,745	71,995
Disposals	(5,000)	-	(10,207)	(15,207)
Balance, October 31, 2016	\$ 12,668	\$ 309,170	\$ 82,346	\$ 404,184
Charge for the year	12,103	2,199	13,988	28,290
Balance, October 31, 2017	\$ 24,771	\$ 311,369	\$ 96,334	\$ 432,474
Net book value				
Balance at October 31, 2016	\$ 16,328	\$ 12,270	\$ 50,739	\$ 79,337
Balance at October 31, 2017	\$ 24,541	\$ 10,071	\$ 66,639	\$ 101,251

The carrying amounts of assets (vehicles) pledged as security for finance lease obligation (Note 12) are \$66,639 (2016 - \$50,739).

11. Account payables and accrued liabilities

	2017	2016
Trade payables	675,283	445,392
Accrued salaries	60,839	22,162
Accrued liabilities	33,381	-
Other payables	29,392	32,283
	798,895	499,837

12. Finance lease obligation

	2017	2016
2.9% per annum vehicle loan, payable in monthly installments of \$2,147 including principal and interest, maturing in October 2018. The vehicle has been pledged as security (Note 10).	25,360	49,875
3.49% per annum vehicle loan, payable in monthly installments of \$526 including principal and interest, maturing in June 2022. The vehicle has been pledged as security (Note 10).	29,380	-
	54,740	49,875
Presented on the Statement of Financial Position as follows:		
Less than one year	32,907	24,636
Between one and five years	21,833	25,239

RGR Canada Inc., Smoker's Corner Ltd. and Famous Brandz Inc.

Notes to the Combined Financial Statements

Stated in Canadian dollars

For the years ended October 31, 2017 and 2016

13. Shareholder loans

The shareholder loans are unsecured, carry no interest and are due on demand.

During the year, two shareholders' loans totaling \$549,011 were converted into 11,600,000 Class A common shares (Note 14 (b)).

14. Share capital

(a) Authorized:

The Group is authorized to issued unlimited number of common shares and preferred shares of the following classes:

- (i) Class A voting common shares;
- (ii) Class B voting common shares;
- (iii) Class C voting common shares;
- (iv) Class D voting common shares;
- (v) Class E non-voting common shares;
- (vi) Class F preferred shares non-voting;
- (vii) Class G preferred shares non-voting; and
- (viii) Special voting preferred shares.

Classes A, B, C and D voting common shares

The holders are entitled to receive dividends as and when declared by the Board of Directors, subject to preference accorded to the holders of Classes F and G Preference Shares.

In the event of liquidation, dissolution or winding up, subject to preference accorded to the holders of Classes F and G Preference Shares (see below), the holders of Classes A, B, C and D would first receive distribution of properties as follows: \$0.04 per share to holders of Class A, \$0.03 per share to holders of Class B, \$0.02 per share to holders of Class C, and \$0.01 per share to holders of Class D. Thereafter, remaining property would be share equally in proportion of the shares held.

The Group has only issued Class A voting common shares as of October 31, 2017 and 2016.

Class E voting common shares

The holders are entitled to receive dividends as and when declared by the Board of Directors, subject to preference accorded to the holders of Classes F and G Preference Shares.

In the event of liquidation, dissolution or winding up, subject to preference accorded to the holders of Classes A, B, C and D (see above) and Classes F and G Preference Shares (see below), the holders will share equally in the remaining property.

The entity has not issued any Class E voting common shares.

Classes F and G Preferred Shares non-voting

The Group is only authorized to make a one-time issuance of these preferred shares. RGR Canada Inc. and Smoker's Corner Ltd. have issued these preferred shares. These preferred shares are redeemable by the Group or at the option of the holder when notice is served by the party exercising the option. The holders of preferred shares are entitled to receiving a dividend of 6% on a non-cumulative basis as and when declared by the Board of Directors and in the event of liquidation, dissolution or winding up, the holders are entitled to an amount equal to the redemption amount in priority to the other classes of shares.

The Group has issued preference shares of Classes F and G during the year (Note 15).

RGR Canada Inc., Smoker's Corner Ltd. and Famous Brandz Inc.

Notes to the Combined Financial Statements

Stated in Canadian dollars

For the years ended October 31, 2017 and 2016

14. Share capital (continued)

(a) Authorized:

Special voting preferred shares

The holders of special voting preferred shares are not entitled to receive any dividends. They special voting preferred shares have a redemption value of \$0.01 per share. In the event of liquidation, dissolution or winding up, the holders shall be entitled, in priority to holders of Classes A, B, C, D and E but subject to preferences accorded to holders of Classes F and G, an amount equal to the redemption amount.

These special voting preferred shares are subject to redemption at the option of the directors of the Group, without consent of the holders, and if less than the whole of the outstanding special voting preferred shares are to be redeemed, the preferred shares to be redeemed will be selected in such a manner as the Board of Directors may determine.

(b) Issued:

Common shares

	Class A #	\$
Balance, October 31, 2015	400,200	6
Share repurchased (Note 15)	(200)	(2)
Share issued	200	2
Balance, October 31, 2016	400,200	6
Bonus shares (i)	6,400,000	237,619
Shares issued upon conversion of shareholder loans (ii)	11,600,000	549,011
Balance, October 31, 2017	18,400,200	786,636

(i) During the year, Famous Brandz Inc. declared bonus share issue of 6,400,000 Class A common shares to Class A shareholders. These were fair value at \$237,619. In addition, both Smoker's Corner Ltd. and Famous Brandz Inc. declared and paid cash dividends of \$560,007 during the year.

(ii) During the year, two shareholders' loans totaling \$549,011 (Note 13) were converted into 11,600,000 Class A common shares. The fair value of the Class A common shares issued were determined to be the fair value of the loans upon conversion.

15. Preferred shares

	Class F #	Class G #	\$
Balance, October 31, 2015	-	-	-
Issued during the year	142,269	44,022	18,629,100
Balance, October 31, 2016 and 2017	142,269	44,022	18,629,100

Note 14 (a) summarizes the terms of Classes F and G Preferred Shares.

On June 30, 2016, RGR Canada Inc. and Smoker's Corner Ltd. repurchased 100 Class A common shares each and in exchange RGR Canada Inc. issued 44,022 Class F and 44,022 Class G Preferred Shares and Smokers issued 98,247 Class F Preferred Shares. These Classes F and G Preferred Shares have a redemption value of \$100 each and are redeemable by RGR Canada Inc. and Smoker's Corner Ltd. or at the option of the holder when notice is served by the party exercising the option. The fair value of these Classes F and G Preferred Shares have been determined to be \$18,629,100.

In line with the Group's accounting policy relating to preference shares (see Note 3), the Classes F and G Preference Shares have been classified as financial liability.

Subsequent to the year-end, High Tide acquired all of the redeemable preference shares of RGR Canada Inc. and Smoker's Corner Ltd. from the holders, issuing common shares of High Tide in exchange.

RGR Canada Inc., Smoker's Corner Ltd. and Famous Brandz Inc.

Notes to the Combined Financial Statements

Stated in Canadian dollars

For the years ended October 31, 2017 and 2016

16. Taxes

Income taxes

The income tax expense for the year is made up of the following:

	2017	2016
Current tax expense	515,853	606,652
Deferred tax recovery	(250,786)	(138,499)
	265,067	468,153

Reconciliation of effective tax rate:

The provision for income taxes differs from the result that would have been obtained by applying the combined federal and provincial tax rates to the income before taxes. The difference results from the following items:

	2017	2016
Income before taxes	842,372	1,683,911
Statutory income tax rate (%)	27%	27%
Expected taxes at statutory rate	241,219	454,657
Increase in taxes resulting from:		
Non-deductible items	23,848	13,496
Income taxes provision	265,067	468,153

The Group has non-capital losses which are available for deduction against future taxable income and will expire through to 2038.

Deferred tax asset

The income tax expense for the year is made up of the following:

	2017	2016
Balance, beginning of year	228,439	89,940
Deferred tax recovery	250,786	138,499
Balance, end of year	479,225	228,439

17. Income per share

	2017	2016
Income for the year attributable to common equity holders	577,305	1,215,758
Weighted average number of common shares for the purposes of basic income per share	11,022,118	400,200
Basic income per share	0.05	3.04
Dilutive income per share*	0.05	3.04

* The Group does not have any options, warrants or other potential dilutive common share instrument outstanding during the year.

RGR Canada Inc., Smoker's Corner Ltd. and Famous Brandz Inc.

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18. Capital management

The Group's objectives when managing capital are to:

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

The Group's strategy is formulated to maintain a flexible capital structure consistent with the objectives as stated above and to respond to changes in economic conditions and the risk characteristics of the 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 Group is not subject to any externally imposed capital requirements or covenants.

The Group's capital structure consists of equity and working capital. In order to maintain or alter the capital structure, the Group may adjust capital spending, raise new debt and issue share capital. The Group expects that accumulated retained earnings and funds generated from operations and working capital amounts will provide sufficient capital resources and liquidity to fund existing operations in 2018.

19. Financial instruments and risk management

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

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

Fair value

The Group's financial instruments consist of cash and cash equivalent to accounts receivable (trade), marketable securities, loans receivable, advances to related parties, accounts payable and accrued liabilities, and finance lease obligation. The carrying amounts of current assets and liabilities approximate their fair value due to their short period to maturity.

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

The carrying value of the Group's cash and cash equivalents, marketable securities, accounts receivable, current portion of loans receivable, accounts payable and accrued liabilities and current portion of long term debt approximate their fair value due to the short-term maturities of these financial institutions.

Loans receivable are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The fair values of notes receivable are not materially different to their carrying amounts, since the interest receivable on those notes is either close to current market rates or the notes are of a short-term nature. If collection of the amounts is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets.

For all borrowings, the fair values are not materially different to their carrying amounts, since the interest payable on those borrowings is close to current market rates.

RGR Canada Inc., Smoker's Corner Ltd. and Famous Brandz Inc.

Notes to the Combined Financial Statements

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19. Financial instruments and risk management (continued)

Credit risk

Credit risk arise when one party to a financial instrument will cause a financial loss for the other party by failing to discharge its obligation. Financial instruments that subject the Group to credit risk consist primarily of cash, accounts receivable and marketable securities. The credit risk relating to cash and cash equivalents and marketable securities balances is limited because the counterparties are large commercial banks in Canada and the United States. The amounts reported for accounts receivable in the statement of financial position is net of allowances for doubtful accounts and bad debts and the net carrying value represents the Group's maximum exposure to credit risk. Accounts receivable (trade) credit exposure is minimized by entering into transactions with creditworthy counterparties and monitoring the age and balances outstanding on an ongoing basis. Payment terms with customers are at the point of sales or within 30 days from invoice date for corporate customers. Sales to retail customers are required to be settled in cash or using major credit cards, mitigating credit risk.

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

As at	2017	2016
Current (for less than 30 days)	334,884	245,948
31 – 60 days past due	174,777	169,559
61 – 90 days past due	156,836	113,169
Past due for greater than 90 days	1,152,736	690,696
Allowance for doubtful accounts	(108,831)	(119,999)
	1,710,402	1,099,373

During the year-ended October 31, 2017, \$23,931 (2016 – \$80,213) in trade receivables were written off due 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 assessed collectively to determine whether there is objective evidence that an impairment has been incurred but not yet been identified.

For these receivables, the estimated impairment losses are recognised in a separate provision for impairment. The Group considers that there is evidence of impairment if any of the following indicators are present:

- significant financial difficulties of the customer
- probability that the customer will enter bankruptcy or financial reorganisation, and
- default or delinquency in payments (more than 90 days overdue).

Receivables for which an impairment provision was recognised are written off against the provision when there is no expectation of recovering additional cash.

Impairment losses are recognised in profit or loss within general and administrative expenses. Subsequent recoveries of amounts previously written off are credited against general and administrative expenses.

Movements in the provision for impairment of trade receivables that are assessed for impairment collectively are as follows:

	2017	2016
At November 1	119,999	37,357
Provision for impairment recognised during the year	12,763	162,855
Receivables written off during the year as uncollectible	(23,931)	(80,213)
At October 31	108,831	119,999

As at October 31, 2017, five (2016 – four) customers accounted for 63% (2016 – 49%) of accounts receivable (trade), each with balances greater than 10%. There are no significant concentrations of credit risk.

RGR Canada Inc., Smoker's Corner Ltd. and Famous Brandz Inc.

Notes to the Combined Financial Statements

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For the years ended October 31, 2017 and 2016

19. Financial instruments and risk management *(continued)*

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group generally relies on funds generated from operations and related parties to provide sufficient liquidity to meet budgeted operating requirements and to supply capital to increase the development of its technology services.

The Group has sufficient working capital to meet obligations as they come due.

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

	Contractual cash flows (\$)	Less than one year (\$)	1-5 years (\$)	Greater than 5 years (\$)
October 31, 2017				
Accounts payable and accrued liabilities	798,895	798,895	-	-
Income taxes payable	677,166	677,166	-	-
Finance lease obligation	54,740	32,907	17,412	4,421
Total	1,530,801	1,508,968	17,412	4,421
October 31, 2016				
Accounts payable and accrued liabilities	499,837	499,837	-	-
Income taxes payable	607,555	607,555	-	-
Finance lease obligation	49,875	24,636	25,239	-
Total	1,157,267	1,132,028	25,239	-

Interest rate risk

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

Foreign currency risk

Foreign currency risk is defined as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group maintains cash balances and enters into transactions denominated in foreign currencies, principally in United States dollars, which exposes the Group 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 October 31 was as follows:

<i>(Canadian dollar equivalent amounts of US dollar balances)</i>	2017	2016
Cash	211,428	211,625
Accounts receivable	51,034	72,073
Marketable securities	246,884	122,443
Accounts payable and accrued liabilities	(235,071)	(99,977)
Net monetary assets	274,275	306,164

Assuming all other variables remain constant, a fluctuation of +/- 5.0 percent in the exchange rate between the United States dollar and the Canadian dollar would impact income before tax by approximately \$18,000 (2016 - \$20,000). To date, the Group has not entered into financial derivative contracts to manage exposure to fluctuations in foreign exchange rates.

RGR Canada Inc., Smoker's Corner Ltd. and Famous Brandz Inc.

Notes to the Combined Financial Statements

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For the years ended October 31, 2017 and 2016

20. Segmented information

The following presents the results of Group's operating segments for the years ended October 31, 2017 and 2016.

In assessing performance of the segments and the allocation of resources to the segments, executive management evaluates gross margin, and (loss) income before tax directly attributable to each segment. All of the Corporation's identifiable assets are located in Canada. The reportable segments are managed separately because of the unique characteristics and requirements of each business.

	Wholesale 2017 (\$)	Wholesale 2016 (\$)	Retail 2017 (\$)	Retail 2016 (\$)	Total 2017 (\$)	Total 2016 (\$)
Revenue						
Merchandise sale	6,506,352	4,339,556	3,322,560	3,330,394	9,828,912	7,669,950
Royalty	-	-	792,662	676,819	792,662	676,819
Interest and other	42,330	14,502	120,217	82,055	162,547	96,557
Less: Discounts	(790,875)	-	-	(3,342)	(790,875)	(3,342)
	5,757,807	4,354,058	4,235,439	4,085,926	9,993,246	8,439,984
Cost of sales	(4,525,274)	(3,680,523)	(760,222)	(365,400)	(5,285,496)	(4,045,923)
Gross margin	1,232,533	673,535	3,475,217	3,720,526	4,707,750	4,394,061
Expenses						
Salaries, wages and benefits	810,823	524,189	827,334	754,177	1,638,157	1,278,366
General and administration	697,047	462,448	499,707	603,271	1,196,754	1,065,719
Professional fees	254,499	43,075	93,301	36,309	347,800	79,384
Advertising and promotion	279,613	124,420	119,550	54,121	399,163	178,541
Depreciation	7,569	7,016	20,721	64,979	28,290	71,995
Interest and bank charges	107,189	18,900	31,558	29,590	138,747	48,490
Foreign exchange loss (gain)	112,793	2,665	3,674	(15,010)	116,467	(12,345)
(Loss) income before taxes	(1,037,000)	(509,178)	1,879,372	2,193,089	842,372	1,683,911
Income taxes expense/(recovery)	(262,684)	(136,320)	527,751	604,473	265,067	468,153
(Loss) income for the year	(774,316)	(372,858)	1,351,621	1,588,616	577,305	1,215,758
Purchase of property and equipment	6,186	1,888	44,018	556	50,204	2,444

Total assets and total liabilities of the Group's operating segments as at October 31, 2017 and 2016 were as follows:

	Wholesale 2017 (\$)	Wholesale 2016 (\$)	Retail 2017 (\$)	Retail 2016 (\$)	Total 2017 (\$)	Total 2016 (\$)
Total assets	7,099,921	5,811,714	4,013,083	4,606,504	11,113,004	10,418,218
Total liabilities	9,734,774	9,692,678	10,635,065	10,599,705	20,369,839	20,292,383

RGR Canada Inc., Smoker's Corner Ltd. and Famous Brandz Inc.

Notes to the Combined Financial Statements

Stated in Canadian dollars

For the years ended October 31, 2017 and 2016

21. Related party transactions

Key management personnel compensation

The Group defines key management personnel as being the Chief Executive Officer, Chief Financial Officer and Chief Revenue Officer. The Group doesn't provide non-cash benefits to the key management.

Key management compensation for the years ended October 31 is as follows:

	2017	2016
Salaries and other short-term employee benefits	310,000	310,000

22. Commitments

Leases

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

As at October 31	2017
Less than one year	385,935
Between one and five years	567,065
More than five years	-
	953,000

23. Subsequent events

Organizational restructuring

The Group underwent an organizational restructuring whereby an ultimate parent company named; High Tide Ventures Inc. was incorporated in the province of Alberta on February 2, 2018, which acquired, through share exchange, all of the common shares of RGR Canada Inc. and Smoker's Corner Ltd. on February 28, 2018 and acquired, through share conversion and issuance of shares for convertible debentures, all of the common shares of Famous Brandz Inc. on April 2, 2018. High Tide also acquired all of the redeemable preference shares of RGR Canada Inc. and Smoker's Corner Ltd. from the holders, issuing common shares of High Tide in exchange.

Application for Retail Cannabis Licenses

High Tide, through its newly incorporated subsidiary names Canna Cabana Ltd. (incorporated on February 22, 2018 in the providence of Alberta), has submitted an application for a maximum of 37 retail cannabis licences in Alberta. This will allow High Tide to store and sell cannabis products to licenced retailers.

Private placements

Between December 2017 and April 2018, the Group issued unsecured convertible debentures with warrants. Each unit consisted of \$1,000 principal amount of an unsecured convertible debenture and one half common share purchase warrant. A total of 721 units were issued, raising total cash of \$710,000.

On May 2, 2018, High Tide closed a private brokered placement offering for 3,705,000 common shares at \$1.00 per share.

On June 21, 2018 High Tide entered into agreement for private brokered placement of 7,246,377 special warrants at a price of \$1.38 per warrant. Each special warrant will consist of one common share and one half common share purchase warrant exercisable into a common share at a purchase price of \$2.07 per warrant for a period of 24 months from the date of listing on the Canadian Securities Exchange. Immediately following the issuance of the special warrants, High Tide is expected to file for public listing of its common shares with the Canadian Securities Commission.

SCHEDULE “B” – INTERIM FINANCIAL STATEMENTS

High Tide Inc.
(formerly known as High Tide Ventures Inc.)
Condensed Consolidated Interim Financial Statements
For the three and nine months ended July 31, 2018
(and combined condensed financial statements for three and nine months ended July 31, 2017 of RGR Canada Inc., Smoker's Corner Ltd. and Famous Brandz Inc.)
(Unaudited)

High Tide Inc.

Condensed Consolidated Interim Statements of Financial Position

Stated in Canadian Dollars

	As at July 31, 2018 (Unaudited)	As at October 31, 2017 (Audited) (Note 3)
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,694,909	\$ 1,067,493
Marketable securities (Note 11)	-	697,874
Inventory (Note 6)	4,161,714	3,542,590
Prepaid expenses (Note 7)	1,488,945	232,485
Current portion of loans receivable	1,248,268	1,473,028
Advances to related parties (Note 11)	-	1,726,706
Accounts receivable (Note 8)	2,548,010	1,710,402
Total current assets	\$ 11,141,846	\$ 10,450,578
Non-current assets		
Loans receivable	\$ 6,064	\$ 81,950
Deferred tax asset	566,527	479,225
Intangible asset – software	69,207	-
Property and equipment	134,352	101,251
Total non-current assets	\$ 776,150	\$ 662,426
Total assets	\$ 11,917,996	\$ 11,113,004
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (Note 9)	\$ 1,691,910	\$ 798,895
Income taxes payable	843,309	677,166
Current portion of long-term loans	31,485	32,907
Preference shares (Notes 10 (b) (ii) and 10 (b) (iii))	-	18,629,100
Shareholder loans (Note 11)	-	209,938
Total current liabilities	\$ 2,566,704	\$ 20,348,006
Non-current liabilities		
Long-term loans	\$ -	\$ 21,833
Total non-current liabilities	\$ -	\$ 21,833
Total liabilities	\$ 2,566,704	\$ 20,369,839
Equity		
Share capital (Note 10)	\$ 35,291,453	\$ 786,636
Warrants (Note 12)	399,247	-
Accumulated other comprehensive income	-	51,021
Accumulated deficit	(26,329,535)	(10,094,492)
Equity attributable to owners of the Company	\$ 9,361,165	\$ (9,256,835)
Non-controlling interests	(9,873)	-
Total equity	\$ 9,351,292	\$ (9,256,835)
Total liabilities and equity	\$ 11,917,996	\$ 11,113,004

Commitments (Note 18)

Subsequent events (Note 20)

Approved on behalf of the Board:

(Signed) "Harkirat (Raj) Grover"

President and Chairman of the Board

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements.

High Tide Inc.

Condensed Consolidated Interim Statement of (Loss) Income and Other Comprehensive (Loss) Income

Stated in Canadian Dollars
(Unaudited)

	Three months ended July 31		Nine months ended July 31	
	2018	2017 (Note 3)	2018	2017 (Note 3)
Revenue				
Merchandise sale	\$ 2,054,542	\$ 3,048,132	\$ 6,246,016	\$ 7,244,223
Royalty	200,852	216,605	641,173	572,524
Interest and other	41,077	120,474	153,034	340,856
Less: Discounts	(121,831)	(340,104)	(388,991)	(660,555)
	\$ 2,174,640	\$ 3,045,107	\$ 6,651,232	\$ 7,497,048
Cost of sales	\$ (997,698)	\$ (1,271,825)	\$ (3,001,378)	\$ (3,952,023)
Gross margin	\$ 1,176,942	\$ 1,773,282	\$ 3,649,854	\$ 3,545,025
Expenses				
Salaries, wages and benefits	\$ 784,781	\$ 413,967	\$ 1,834,691	\$ 1,215,313
General and administration	291,143	333,583	1,056,749	1,029,389
Professional fees	581,875	39,042	931,521	107,134
Advertising and promotion	157,284	102,564	383,805	216,224
Depreciation	9,294	6,971	28,525	20,848
Interest and bank charges	59,746	22,416	106,777	76,197
Total expenses	\$ 1,884,123	\$ 918,543	\$ 4,342,068	\$ 2,665,105
(Loss) income before other income (expenses)	\$ (707,181)	\$ 854,739	\$ (692,214)	\$ 879,920
Other income (expenses)				
Derivative liability fair value	\$ -	\$ -	\$ 28,415	\$ -
Accretion expense	-	-	(7,709)	-
Disposition of marketable securities (Note 11)	51,021	-	51,021	-
Foreign exchange gain (loss)	31,640	(79,822)	(30,082)	(108,657)
(Loss) income before taxes	\$ (624,520)	\$ 774,917	\$ (650,569)	\$ 771,263
Income taxes (recovery) expense	(9,425)	203,558	32,518	199,536
(Loss) income for the period	\$ (615,095)	\$ 571,359	\$ (683,087)	\$ 571,727
Other comprehensive income				
Loss on fair value of available for sale marketable securities	\$ -	\$ (70,645)	\$ -	\$ (70,645)
Total comprehensive (loss) income for the period	\$ (615,095)	\$ 500,714	\$ (683,087)	\$ 501,082
Total (loss) income and comprehensive (loss) income attributable to:				
Owners of the Company	\$ (605,222)	\$ 500,714	\$ (673,214)	\$ 501,082
Non-controlling interest	(9,873)	-	(9,873)	-
	\$ (615,095)	\$ 500,714	\$ (683,087)	\$ 501,082
(Loss) income per share (Note 13)				
Basic	\$ (0.00)	\$ 0.04	\$ (0.01)	\$ 0.05
Diluted	\$ (0.00)	\$ 0.04	\$ (0.01)	\$ 0.05

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements.

High Tide Inc.

Condensed Consolidated Interim Statements of Changes in Equity

Stated in Canadian dollars

For the nine months ended July 31, 2018 and 2017

(Unaudited)

	Attributable to owners of the Company									
	Share capital	Warrants		Accumulated other comprehensive income	Accumulated deficit	Total	Non-controlling interests		Total equity	
Balance at October 31, 2016	\$ 6	\$ -	\$ -	\$ -	\$ (9,874,171)	\$ (9,874,165)	\$ -	\$ -	\$ (9,874,165)	
Bonus shares	237,619	-	-	-	(237,619)	-	-	-	-	
Shares issued upon conversion of shareholder loans	215,342	-	-	-	-	215,342	-	-	215,342	
Dividends – cash	-	-	-	-	(448,957)	(448,957)	-	-	(448,957)	
Income for the period	-	-	-	-	571,727	571,727	-	-	571,727	
Other comprehensive income	-	-	-	(70,645)	-	(70,645)	-	-	(70,645)	
Balance at July 31, 2017 (Note 3)	\$ 452,967	\$ -	\$ -	\$ (70,645)	\$ (9,989,020)	\$ (9,606,698)	\$ -	\$ -	\$ (9,606,698)	
Balance at October 31, 2017 (Note 3)	\$ 786,636	\$ -	\$ -	\$ 51,021	\$ (10,094,492)	\$ (9,256,835)	\$ -	\$ -	\$ (9,256,835)	
Common share issued upon incorporation (Note 10 (b))	20,000	-	-	-	-	20,000	-	-	20,000	
Eliminated upon corporate reorganization (Note 10 (b))	(786,636)	-	-	-	-	(786,636)	-	-	(786,636)	
Common shares issued to acquire common shares on corporate reorganization (Note 10 (b))	13,357,900	-	-	-	(11,069,561)	2,288,339	-	-	2,288,339	
Common shares issued to acquire preferred shares on corporate reorganization (Note 10 (b))	18,629,100	-	-	-	-	18,629,100	-	-	18,629,100	
Warrants issued in exchange for warrants of Famous Brandz Inc. on corporate reorganization (Note 12)	-	241,700	-	-	-	241,700	-	-	241,700	
Shares issued on private placement (Note 10 (b))	3,705,000	-	-	-	-	3,705,000	-	-	3,705,000	
Share issue cost – cash (Note 10 (b))	(263,000)	-	-	-	-	(263,000)	-	-	(263,000)	
Share issue cost – broker warrants (Note 10 (b))	(157,547)	157,547	-	-	-	-	-	-	-	
Dividends (Note 10 (b))	-	-	-	-	(4,492,268)	(4,492,268)	-	-	(4,492,268)	
Disposition of marketable securities (Note 11)	-	-	-	(51,021)	-	(51,021)	-	-	(51,021)	
Loss for the period	-	-	-	-	(673,214)	(673,214)	(9,873)	-	(683,087)	
Balance at July 31, 2018	\$ 35,291,453	\$ 399,247	\$ -	\$ -	\$ (26,329,535)	\$ 9,361,165	\$ (9,873)	\$ -	\$ 9,351,292	

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements.

High Tide Inc.

Condensed Consolidated Interim Statements of Cash Flows

Stated in Canadian dollars

(Unaudited)

		Nine months ended July 31	
		2018	2017
Operating activities			
(Loss) income for the period	\$	(683,087)	\$ 571,727
Adjustments for:			
Income taxes (recovery) expense		32,518	199,536
Depreciation		28,525	20,848
Derivative liability fair value		(28,415)	-
Accretion		7,709	-
Disposition of marketable securities		(51,021)	-
Impairment (reversal) loss on trade receivables (Note 15)		7,036	(34,003)
Inventory obsolescence (reversal) provision		60,288	(4,662)
	\$	(626,447)	\$ 753,446
Changes in working capital:			
Accounts receivable	\$	(844,644)	\$ (779,698)
Inventory		(679,412)	131,696
Prepaid expenses		(1,256,460)	206,881
Loans receivable		300,646	187,501
Advances to related parties		641,881	387,346
Accounts payable and accrued liabilities		893,014	379,553
Shareholder loans (Note 11)		-	214,071
Income tax refund (paid)		46,323	(443,837)
Cash flows (used in) provided by operating activities	\$	(1,525,099)	\$ 1,036,959
Financing activities			
Receipt of long-term debt	\$	-	\$ 31,179
Repayment of long-term debt		(23,255)	(18,853)
Payment of dividends		(1,155,397)	(448,957)
Proceeds from share issuance net of share issue cost		3,462,000	-
Cash flows from (used in) financing activities	\$	2,283,348	\$ (436,631)
Investing activities			
Purchase of marketable securities (Note 11)	\$	-	\$ (556,495)
Purchases of property and equipment		(61,626)	(41,031)
Purchase of intangible asset – software		(69,207)	-
Cash flows used in investing activities	\$	(130,833)	\$ (597,526)
Increase in cash and cash equivalents	\$	627,416	\$ 2,802
Cash and cash equivalents, beginning of the period		1,067,493	1,115,338
Cash and cash equivalents, end of the period	\$	1,694,909	\$ 1,118,140

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements.

High Tide Inc.

Notes to the Condensed Consolidated Interim Financial Statements

Stated in Canadian dollars

For the three and nine months ended July 31, 2018 and 2017

(Unaudited)

1. Description of business

High Tide Inc. ("High Tide" or the "Company") was incorporated under the Business Corporation Act (Alberta) on February 8, 2018. These unaudited condensed consolidated interim financial statements comprise the Company and its subsidiaries, RGR Canada Inc. ("RGR"), Smoker's Corner Ltd. ("Smoker's Corner"), Famous Brandz Inc. ("Famous Brandz"), Canna Cabana Inc. ("Canna Cabana"), KushBar Inc. ("KushBar") and Kush West Distribution Inc. ("Kush West") collectively referred to as the "Group".

The Company is primarily involved in wholesale and retail sale of smoking accessories. The Company intends to diversify its business into wholesale and retail cannabis in Canada upon receipt of applicable business licenses and regulatory approval; this business will be conducted through its entities; Canna Cabana, KushBar and Kush West.

On September 18, 2018, the Board of Directors authorized to change the Company's name from High Tide Ventures Inc. to High Tide Inc. The name change was filed with the Business Corporates Act (Alberta) at Alberta Registries and is effective October 4, 2018.

The address of the Company's corporate and registered office is 120 4954 Richard Road SW, Calgary, Alberta T3E 6L1.

2. Corporation reorganization

On February 28, 2018, RGR and Smoker's Corner and on April 30, 2018, Famous Brandz became wholly owned subsidiaries of newly created High Tide following a corporate reorganization whereby the shareholders of RGR, Smoker's Corner and Famous Brandz transferred all of their ownership interests in exchange for fully-paid common shares of High Tide as follows:

- The shareholders of RGR received 6,128,301 (pre-share split: 2,220,400) Class A common shares of High Tide for their 100 Class A common shares and the holders of preferred shares received 45,128,840 (pre-share split: 16,351,029) Class A common shares of High Tide for their 88,044 Class F preferred shares (redeemable at a value of \$100 each);
- The shareholders of Smoker's Corner received 6,024,250 (pre-share split: 2,182,700) Class A common shares of High Tide for their 100 Class A common shares and the holders of preferred shares received 50,358,600 (pre-share split: 18,245,871) Class A common shares of High Tide for their 98,247 Class F preferred shares (redeemable at a value of \$100 each); and
- The shareholders of Famous Brandz received 30,324,120 (pre-share split: 10,987,000) Class A common shares of High Tide for their 58,517,012 Class A common shares. In addition, Famous Brandz had 3,403,333 warrants issued and outstanding which were exchanged for 1,813,731 (pre-share split: 657,149) warrants of High Tide.

3. Basis of consolidation, composition of the unaudited condensed consolidated interim financial statements and basis of accounting

The audited combined financial statements as at and for the year ended October 31, 2017, combined the assets, liabilities and equity at October 31, 2017, and the results of operations, changes in equity and cash flows for the year then ended of RGR, Smoker's Corner and Famous Brandz as these entities were under common control.

As the controlling group of RGR, Smoker's Corner and Famous Brandz also control High Tide and its subsidiaries, the assets and liabilities of the later three entities have been accounted for at their historical carrying amounts; therefore, the consolidated financial statements of High Tide, subsequent to the corporate reorganization, have been presented on a continuity of interest basis.

These unaudited condensed consolidated interim financial statements include the accounts of the Company and its subsidiaries, which are consolidated from the date of acquisition/completion of the corporate reorganization, being the date on which the Company obtained control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent, using consistent accounting policies. All intercompany balances and transactions are eliminated in full upon consolidation. Accumulated losses were carried through High Tide under common control and share capital of subsidiaries was eliminated upon consolidation.

High Tide Inc.

Notes to the Condensed Consolidated Interim Financial Statements

Stated in Canadian dollars

For the three and nine months ended July 31, 2018 and 2017

(Unaudited)

Details of the entities contained in these unaudited condensed consolidated interim financial statements are as follows:

Entity	Principle activity	Place of business and operations	Equity percentage
RGR	Wholesale of smoking accessories	Calgary, Alberta	100%
Smoker's Corner	Retail of smoking accessories	Calgary, Alberta	100%
Famous Brandz	Wholesale of smoking accessories	Toronto, Ontario	100%
Canna Cabana	Retail of cannabis upon receipt of applicable business licenses and regulatory approval	Calgary, Alberta	100%
KushBar	Retail of cannabis upon receipt of applicable business licenses and regulatory approval	Calgary, Alberta	50.1%
Kush West	Wholesale of cannabis upon receipt of applicable business licenses and regulatory approval	Calgary, Alberta	100%

These unaudited condensed consolidated interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting* and should be read in conjunction with the Group's last annual combined financial statements as at and for the year ended October 31, 2017, ("last annual financial statements"). They do not include all of the information required for a complete set of International Financial Reporting Standards ("IFRS") financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual financial statements.

These unaudited condensed consolidated interim financial statements are presented in Canadian dollars ("C\$"), which is the Company's and its subsidiaries functional currency.

These unaudited condensed consolidated interim consolidated financial statements were approved and authorized for issuance by the Board of Directors on October 28, 2018.

4. Use of judgements and estimates

In preparing these unaudited condensed consolidated interim financial statements, management has made judgments and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

5. Recently issued accounting standards not yet applied

In January 2016, the IASB issued IFRS 16 *Leases*, which requires lessees to recognize all leases on the statement of Financial Position. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with earlier application permitted for companies that also applies IFRS 15 Revenue from Contracts with Customers.

In May 2014, the IASB issued IFRS 15 *Revenue from Contracts with Customers*, which replaces IAS 18 Revenue, IAS 11 Construction Contracts, and related interpretations. The standard is required to be adopted either retrospectively or using a modified transition approach for fiscal years beginning on or after January 1, 2018, with earlier adoption permitted. IFRS 15 will come into effect for annual periods beginning on or after January 1, 2018.

In July 2014, the IASB completed the final elements of IFRS 9 *Financial Instruments*. The Standard supersedes earlier versions of IFRS 9 and completes the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9, as amended, includes a principle-based approach for classification and measurement of financial assets, a single 'expected loss' impairment model and a substantially reformed approach to hedge accounting. IFRS 9 will come into effect for annual periods beginning on or after January 1, 2018, with earlier adoption permitted.

The Company is currently evaluating the impact of the above standards on its consolidated financial statements.

High Tide Inc.

Notes to the Condensed Consolidated Interim Financial Statements

Stated in Canadian dollars

For the three and nine months ended July 31, 2018 and 2017

(Unaudited)

6. Inventory

	July 31, 2018	October 31, 2017
Finished goods	\$ 4,631,195	\$ 3,951,783
Provision for obsolescence	(469,481)	(409,193)
	\$ 4,161,714	\$ 3,542,590

Inventories recognized as an expense and included in cost of sales during the three and nine months ended July 31, 2018 totaled \$975,103 and \$3,145,624 respectively (three and nine months ended July 31, 2017: \$1,277,136 and \$2,904,468 respectively).

7. Prepaid expenses

Prepaid expenses include a deposit of \$629,737 to acquire a business for which negotiations are ongoing and rental deposit of \$546,522 for planned cannabis retail outlets. A significant portion of the rental deposit amount is refundable as these payments were made to secure the retail outlet and are subject to meeting certain criteria relating to operating retail cannabis and the related licensing. Prepaid expenses also include license fee deposits, insurance and software fees.

8. Accounts receivable

	July 31, 2018	October 31, 2017
Trade receivables	\$ 2,663,877	\$ 1,819,233
Allowance for doubtful receivables	(115,867)	(108,831)
	\$ 2,548,010	\$ 1,710,402

9. Accounts payable and accrued liabilities

	July 31, 2018	October 31, 2017
Accounts payable	\$ 1,279,034	\$ 675,283
Accrued salaries	59,716	60,839
Accrued liabilities	347,548	33,381
Other payables	5,612	29,392
	\$ 1,691,910	\$ 798,895

High Tide Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended July 31, 2018 and 2017

(Unaudited)

10. Share capital

(a) Authorized:

The Company is authorized to issue an unlimited number of Class A, Class B and Class C common shares. The holders of these common shares are entitled to:

- vote at all meetings of shareholders except meetings at which only holders of a specified class of shares are entitled to vote;
- receive dividends in the discretion of the directors exclusive of other classes of shares of the Company; and
- receive the remaining property of the Company under dissolution equally.

(b) Issued:

Common shares

	Number of Class A common shares	Amount
Balance, October 31, 2017 (Note 2)	18,400,200	\$ 786,636
Issued on incorporation (i)	2,760,000	20,000
Eliminated upon reorganization (Note 2)	(18,400,200)	(786,636)
Issued to acquire 100 Class A common shares of RGR (ii)	6,128,301	1,195,600
Issued to acquire 88,044 Class F preferred shares of RGR (ii)	45,128,840	8,804,400
Issued to acquire 100 Class A common shares of Smoker's Corner (iii)	6,024,250	1,175,300
Issued to acquire 98,247 Class F preferred shares of Smoker's Corner (iii)	50,358,600	9,824,700
Issued to acquire 58,517,012 Class A common shares of Famous Brandz (iv)	30,324,120	10,987,000
Issued for cash on private placement (v)	10,225,800	3,705,000
Share issue cost – broker warrants (v)	-	(157,547)
Share issue cost – cash (v)	-	(263,000)
Balance, July 31, 2018	150,949,911	\$ 35,291,453

- (i) Upon incorporation of High Tide on February 8, 2018, 2,760,000 (pre-share split: 1,000,000) Class A common shares at a price of \$0.0073 per share (pre-share split: \$0.02 per share) totalling \$20,000 were issued.
- (ii) On February 28, 2018, the Company issued 6,128,301 (pre-share split: 2,220,400) Class A common shares at a price of \$0.1949 per share (pre-share split: \$0.538 per share) totalling \$1,195,600 to acquire 100 Class A common shares of RGR from its shareholders and issued 45,128,840 (pre-share split: 16,351,029) Class A common shares at a price of \$0.1949 per share (pre-share split: \$0.538 per share) totalling \$8,804,400 to acquire 88,044 preferred shares of RGR from its holders. These preferred shares have been eliminated upon consolidation.
- (iii) On February 28, 2018, the Company issued 6,024,250 (pre-share split: 2,182,700) Class A common shares at a price of \$0.1949 per share (pre-share split: \$0.538 per share) totalling \$1,175,300 to acquire 100 Class A common shares of Smoker's Corner from its shareholders and issued 50,358,600 (pre-share split: 18,245,871) Class A common shares at a price of \$0.1949 per share (pre-share split: \$0.538 per share) totalling \$9,824,700 to acquire 98,247 preferred shares of Smoker's Corner from its holders. These preferred shares have been eliminated upon consolidation.
- (iv) On April 30, 2018, the Company issued 30,324,120 (pre-share split: 10,987,000) Class A common shares at a price of \$0.3623 per share (pre-share split: \$1.00 per share) totalling \$10,987,000 to acquire 58,517,012 Class A common shares of Famous Brandz from its shareholders.
- (v) On May 2, 2018, the Company closed a brokered private placement offering for 10,225,800 (pre-share split: 3,705,000) common shares at \$0.3623 per share (pre-share split: \$1.00 per share). The brokers' fees consist of cash payment of \$263,000 and 670,680 (pre-share split: 243,000) broker warrants, which are exercisable at \$0.3623 each (pre-share split: \$1.00 each). These warrants were valued at \$157,547 using Black Scholes option pricing model using the following assumptions:
- Rate free interest rate: 1.77%
 - Expected volatility: 130%
 - Expected life in years: 2
 - Expected dividends: Nil
- (vi) As the price of the Class A common shares of the Company that were exchanged to acquire Class A common shares of RGR, Smoker's Corner and Famous Brandz were higher, the Company has recorded the extra value paid against the accumulated losses amounting to \$11,069,561.

High Tide Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended July 31, 2018 and 2017

(Unaudited)

(vii) Subsequent to the period end, on August 24, 2018, the shareholders approved by special resolution a stock split of the common shares of the Company at a ratio to be set by the Company's Board of Directors, provided that not more than 5 and not less than 1 post-split shares would be issued for each pre-split share. By resolution made effective September 18, 2018, the Company's Board of Directors authorized a share split of the unissued, and issued and outstanding common shares of the Company such that 1 pre-split share would be converted to 2.76 post-split shares (1:2.76). The Articles of Amendment effecting the share-split was filed with the Registrar of Corporations (Alberta) on October 4, 2018. The share split has been reflected in these unaudited condensed consolidated interim financial statements for the historical periods on a retroactive basis.

11. Dividends

As part of the corporate reorganization, dividends declared and paid during the three and nine months ended July 31, 2018 totalled \$4,492,268 comprising payments via cash of \$1,155,397, and transferring of marketable securities with a fair value at the date of transfer totalling \$675,587, Class A common shares of Famous Brandz owned by RGR and Smoker's Corner totalling \$1,006,998 and net balance of advances to related companies and shareholder loans totalling \$1,654,286.

Dividends declared and paid during the three and nine months ended July 31, 2017 totalling \$686,576 that was paid via cash of \$448,957 and shares of \$237,619.

12. Warrants

	Number of warrants	Amount
Issued in exchange for Famous Brandz's warrants (i)	1,194,590	\$ 241,700
Issued to brokers for private placement (Note 10 (b) (v))	670,680	157,547
Balance at July 31, 2018	1,865,270	\$ 399,247

(i) During the three and nine months ended July 31, 2018, Famous Brandz issued 721 units of unsecured convertible debentures with warrants at a price of \$1,000 per unit for total proceeds of \$710,000. The debentures were converted into Class A common share of Famous Brandz prior to the corporate reorganization. As part of the corporate reorganization, the Company issued 1,194,590 (pre-share split: 413,379) warrants with an exercise price of \$0.4975 (pre-share split: \$1.373) in exchange for 3,403,333 Famous Brandz's warrants of which 2,403,333 warrants related to the convertible debentures and 1,000,000 were other warrants. The 1,194,590 (pre-share split: 413,379) High Tide's warrants were valued at \$241,700 using Black Scholes option pricing model using the following assumptions:

- Rate free interest rate: 1.77%
- Expected volatility: 130%
- Expected life in years: 2
- Expected dividends: Nil

Outstanding warrants at July 31, 2018 were as follows:

	Number of warrants	Weighted average price	Weighted average number of years to expiry
Warrants	1,194,590	\$ 0.4975	1.74
Brokers warrants	670,680	0.3623	1.75
Balance at July 31, 2018	1,865,270	\$ 0.4489	1.75

High Tide Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended July 31, 2018 and 2017

(Unaudited)

13. (Loss) income per share

	Three months ended July 31		Nine months ended July 31	
	2018	2017 (Note 3)	2018	2017 (Note 3)
(Loss) income for the period attributable to common equity holders	\$ (605,222)	\$ 500,714	\$ (673,214)	\$ 501,082
Weighted average number of common shares for the purposes of basic income per share	150,727,619	12,600,200	87,864,340	9,852,947
Basic income per share	\$ (0.00)	\$ 0.04	\$ (0.01)	\$ 0.05
Dilutive income per share*	\$ (0.00)	\$ 0.04	\$ (0.01)	\$ 0.05

* The Company did not have any options, warrants or other potential dilutive common share instrument outstanding during the three and nine months ended July 31, 2017. The warrants that were issued during the three and nine months ended July 31, 2018 were anti-dilutive due to the loss for the period.

14. Capital management

The Company's objectives when managing capital are to:

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

The Company's strategy is formulated to maintain a flexible capital structure consistent with the objectives as stated above and to respond to changes in economic conditions and the risk characteristics of the underlying assets. The Board of Directors does not establish quantitative return on capital criteria for management, but rather promotes year-over-year sustainable profitable growth. The Company is not subject to any externally imposed capital requirements or covenants.

The Company's capital structure consists of equity and working capital. In order to maintain or alter the capital structure, the Company may adjust capital spending, raise new debt and issue share capital. The Company expects that funds generated from operations and working capital amounts will provide sufficient capital resources and liquidity to fund existing operations in the remainder of 2018 and 2019.

15. Financial instruments and risk management

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

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

Fair value

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

The Company's financial instruments consist of cash and cash equivalent to accounts receivable, loans receivable, accounts payable and accrued liabilities, and long-term loans. The carrying amounts of current assets and liabilities approximate their fair value due to their short period to maturity.

High Tide Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended July 31, 2018 and 2017

(Unaudited)

Loans receivable are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The fair values of notes receivable are not materially different to their carrying amounts, since the interest receivable on those notes is either close to current market rates or the notes are of a short-term nature. If collection of the amounts is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

For all borrowings, the fair values are not materially different to their carrying amounts, since the interest payable on those borrowings is close to current market rates.

Credit risk

Credit risk arises when one party to a financial instrument will cause a financial loss for the other party by failing to discharge its obligation. Financial instruments that subject the Company to credit risk consist primarily of cash, accounts receivable and marketable securities. The credit risk relating to cash and cash equivalents and marketable securities balances is limited because the counterparties are large commercial banks in Canada and the United States. The amounts reported for accounts receivable in the statement of financial position is net of allowances for doubtful accounts and bad debts and the net carrying value represents the Company's maximum exposure to credit risk. Accounts receivable (trade) credit exposure is minimized by entering into transactions with creditworthy counterparties and monitoring the age and balances outstanding on an ongoing basis. Payment terms with customers are at the point of sales or within 30 days from invoice date for corporate customers. Sales to retail customers are required to be settled in cash or using major credit cards, mitigating credit risk.

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

As at	July 31, 2018
Current (for less than 30 days)	\$ 585,612
31 – 60 days past due	235,463
61 – 90 days past due	136,111
Past due for greater than 90 days	1,706,691
Allowance for doubtful accounts	(115,867)
	\$ 2,548,010

During the three and nine months ended July 31, 2018, \$Nil and \$Nil respectively (three and nine months ended July 31, 2017 - \$9,400 and \$17,000 respectively) in trade receivables were written off due 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 assessed collectively to determine whether there is objective evidence that an impairment has been incurred but not yet been identified.

For these receivables, the estimated impairment losses are recognised in a separate provision for impairment. The Company considers that there is evidence of impairment if any of the following indicators are present:

- significant financial difficulties of the customer;
- probability that the customer will enter bankruptcy or financial reorganization; and
- default or delinquency in payments (more than 90 days overdue).

Receivables for which an impairment provision was recognised are written off against the provision when there is no expectation of recovering additional cash.

Impairment losses are recognised in profit or loss within general and administrative expenses. Subsequent recoveries of amounts previously written off are credited against general and administrative expenses.

Movements in the provision for impairment of trade receivables that are assessed for impairment collectively are as follows:

Balance at November 1	\$ 108,831
Provision for impairment recognised during the year	7,036
Receivables written off during the year as uncollectible	-
Balance at July 31, 2018	\$ 115,867

High Tide Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended July 31, 2018 and 2017

(Unaudited)

The Company performs a regular assessment of collectability of accounts receivables. Specifically, for accounts receivable that are greater than 90 days, majority of this balance is comprised of accounts with Franchisees (\$1,205,789 or 71% out of balance of \$1,706,691 that is over 90 days). The Company monitors the financial performance and/or cash flows of its Franchisees through observation of their point of sale system, receipt of cash from customers and maintains regular contact/discussions. The Company is not aware of any financial difficulties or probability of bankruptcy with its Franchisees and the Company continues receiving ongoing payments from the Franchisees to settle their accounts receivable balances. Subsequent to the period, the Company has been receiving payments in relation to its greater than 90-day accounts receivable. Further, the Company holds security over its Franchisees by way of holding the head lease to their operations and having the right to assume control of the Franchisee location and any operations governed by the applicable Franchise Agreement. In consideration of the known financial health of the Franchisees, continued payment on accounts and security held on these businesses High Tide has not assessed these accounts to be at risk.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company generally relies on funds generated from operations and related parties to provide sufficient liquidity to meet budgeted operating requirements and to supply capital to increase the development of its technology services.

The Company has sufficient working capital to meet obligations as they come due.

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

	Contractual cash flows	Less than one year	1 - 5 years	Greater than 5 years
July 31, 2018				
Accounts payable and accrued liabilities	\$ 1,691,910	\$ 1,691,910	\$ -	\$ -
Income taxes payable	843,309	843,309	-	-
Long-term loans	31,485	31,485	-	-
Total	\$ 2,566,704	\$ 2,566,704	\$ -	\$ -

Interest rate risk

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

Foreign currency risk

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

The Canadian dollar equivalent carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities as at July 31, 2018 were as follows:

<i>(Canadian dollar equivalent amounts of US dollar balances)</i>	July 31, 2018
Cash	\$ 70,188
Accounts receivable	1,179,414
Accounts payable and accrued liabilities	(506,385)
	\$ 743,217

Assuming all other variables remain constant, a fluctuation of +/- 5.0 percent in the exchange rate between the United States dollar and the Canadian dollar would impact income before tax by approximately \$37,000. To date, the Company has not entered into financial derivative contracts to manage exposure to fluctuations in foreign exchange rates.

High Tide Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended July 31, 2018 and 2017

(Unaudited)

16. Segmented information

The following presents the results of Company's operating segments for the three and nine months ended July 31, 2018 and 2017.

In assessing performance of the segments and the allocation of resources to the segments, executive management evaluates gross margin, and (loss) income before tax directly attributable to each segment. All of the Company's identifiable assets are located in Canada. The reportable segments are managed separately because of the unique characteristics and requirements of each business.

Nine months ended July 31, 2018 and 2017

	Wholesale 2018 (\$)	Wholesale 2017 (\$)	Retail 2018 (\$)	Retail 2017 (\$)	Corporate 2018 (\$)	Total 2018 (\$)	Total 2017 (\$)
Revenue							
Merchandise sale	4,076,047	5,066,679	2,169,969	2,177,544	-	6,246,016	7,244,223
Royalty	-	-	641,173	572,524	-	641,173	572,524
Interest and other	83,729	151,529	69,305	189,327	-	153,034	340,856
Less: Discounts	(388,991)	(660,555)	-	-	-	(388,991)	(660,555)
	3,770,785	4,557,653	2,880,447	2,939,395	-	6,651,232	7,497,048
Cost of sales	(2,251,721)	(2,870,362)	(749,657)	(1,081,661)	-	(3,001,378)	(3,952,023)
Gross margin	1,519,064	1,687,291	2,130,790	1,857,734	-	3,649,854	3,545,025
Expenses							
Salaries, wages and benefits	871,892	586,758	937,799	628,555	25,000	1,834,691	1,215,313
General and administration	539,632	548,839	481,747	480,550	35,370	1,056,749	1,029,389
Professional fees	314,714	79,169	212,581	27,965	404,226	931,521	107,134
Advertising and promotion	269,593	144,855	111,893	71,369	2,319	383,805	216,224
Depreciation	10,376	7,858	18,149	12,990	-	28,525	20,848
Interest and bank charges	87,139	50,703	18,442	25,494	1,196	106,777	76,197
Derivative liability fair value	(28,415)	-	-	-	-	(28,415)	-
Accretion expense	7,709	-	-	-	-	7,709	-
Disposition of marketable securities	(9,805)	-	(41,216)	-	-	(51,021)	-
Foreign exchange loss (gain)	16,004	156,972	13,696	(48,315)	382	30,082	108,657
(Loss) income before taxes	(559,775)	112,137	377,699	659,126	(468,493)	(650,569)	771,263
Income taxes expense (recovery)	(86,820)	27,360	119,338	172,176	-	32,518	199,536
(Loss) income for the year	(472,955)	84,777	258,361	486,950	(468,493)	(683,087)	571,727
Purchase of property and equipment	12,365	5,953	26,848	35,078	22,413	61,626	41,031
Purchase of intangible assets	-	-	-	-	69,207	69,207	-

Total assets and total liabilities of the Company's operating segments as at July 31, 2018 and 2017 were as follows:

	Wholesale 2018 (\$)	Wholesale 2017 (\$)	Retail 2018 (\$)	Retail 2017 (\$)	Corporate 2018 (\$)	Total 2018 (\$)	Total 2017 (\$)
Total assets	6,839,047	6,928,894	3,501,356	3,699,108	1,577,593	11,917,996	10,628,002
Total liabilities	325,358	10,126,966	1,175,301	10,107,734	1,066,045	2,566,704	20,234,700

High Tide Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended July 31, 2018 and 2017

(Unaudited)

The following presents information relating to Company's geographical segments:

For the nine months ended July 31,

	Canada 2018 (\$)	Canada 2017 (\$)	USA 2018 (\$)	USA 2017 (\$)	Total 2018 (\$)	Total 2017 (\$)
Revenue (net of discount)	5,793,940	6,362,500	857,292	1,134,548	6,651,232	7,497,048

As at

	Canada July 31, 2018 (\$)	Canada October 31, 2017 (\$)	USA July 31, 2018 (\$)	USA October 31, 2017 (\$)	Total July 31, 2018 (\$)	Total October 31, 2017 (\$)
Non-current assets:						
- Property, plant and equipment	134,352	101,251	-	-	134,352	101,251
Total assets	11,535,875	10,481,507	382,121	631,497	11,917,996	11,113,004

17. Related party transactions

Operational transaction

RGR acts as the procurement entity for the Group and sells inventory to the Group for external sale. The transactions between RGR, Smoker's Corner and Famous Brandz have been eliminated upon consolidation and combination.

Executive compensation

The Company defines key management personnel as being the Chief Executive Officer (who is also the major shareholder and director), Chief Operating Officer, Chief Financial Officer, Chief Revenue Officer and Chief Strategy Officer. The Company has not provided non-cash benefits to the key management.

Key management compensation were as follows:

	Three months ended July 31		Nine months ended July 31	
	2018	2017	2018	2017
Salaries and other short-term employee benefits	\$ 145,489	\$ 77,500	\$ 414,294	\$ 232,500

None of the other directors were paid any fees or other emoluments during the three and nine months ended July 31, 2018 and 2017.

18. Commitments

Leases

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

As at July 31	2018
Less than one year	\$ 676,376
Between one and five years	714,140
More than five years	181,547
	\$ 1,572,063

High Tide Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended July 31, 2018 and 2017

(Unaudited)

19. Contingent liability

An action with the Court of Queen's Bench (Alberta) (the "QB Claim") and a complaint with the Human Rights Tribunal (Alberta) (the "HR Complaint") was filed by a former employee. The amount claimed by the former employee is approximately \$200,000 plus interest and other costs. Based on advice from the legal counsel, management believes that, in an adverse scenario, the amount is not expected to be material. Accordingly, no provision for the liability has been recognized in these unaudited condensed consolidated interim financial statements.

20. Subsequent events

Subsequent to the period end, the Company initiated a process to become a listed entity on the Canadian Securities Exchange ("CSE"). The Company is pursuing a listing to enable easier access to capital markets should additional capital be required to fund future growth plans as well as to create liquidity for existing shareholders.

Subsequent to the period end, Canna Cabana has entered into contracts totalling \$5.9 million with three building contractors in Calgary and Edmonton for the construction of 24 retail outlets. Additional contracts for security services have been signed with a Calgary based security services company.

The Company, through Canna Cabana and KushBar, submitted applications for 32 retail cannabis licences in Alberta. An additional licence application under Canna Cabana was submitted by a franchisee. On August 16, 2018, Canna Cabana was granted an interim conditional licence by Alberta Gaming and Liquor Commission (AGLC) for the sale of cannabis in Alberta. Further, as of the date of these unaudited condensed consolidated interim financial statements Canna Cabana has received 19 development permits for municipal operations. The Company, through Kush West has submitted an application for a wholesale cannabis permit in the province of Saskatchewan.

A new office and warehouse unit ("unit") is currently being developed for Grover Properties Inc., a related party under the control of a shareholder. This unit will be leased to High Tide to accommodate the Company's planned operational expansion. High Tide will be responsible for the related leasehold improvements, which are currently estimated at \$1.2 million. An assessment for fair market lease rates is currently being performed to establish an appropriate rental amount between the related parties. To facilitate the mortgage for the development of this unit, a loan guarantee of up to \$1.5 million has been provided by Smoker's Corner and the mortgage is yet to be finalized. The unit is expected to be completed and ready for occupancy on or around December 31, 2018.

On August 24, 2018, the shareholders approved by special resolution a stock split of the common shares of the Company at a ratio to be set by the Company's Board of Directors, provided that not more than 5 and not less than 1 post-split shares would be issued for each pre-split share. By resolution made effective September 18, 2018, the Company's Board of Directors authorized a share split of the unissued, and issued and outstanding common shares of the Company such that 1 pre-split share would be converted to 2.76 post-split shares (1:2.76). The Articles of Amendment effecting the share-split was filed with the Registrar of Corporations (Alberta) on October 4, 2018. The share split has been reflected in these unaudited condensed consolidated interim financial statements for the historical periods on a retroactive basis.

On September 18, 2018, the Board of Directors authorized to change the Company's name from High Tide Ventures Inc. to High Tide Inc. The name change was filed with the Business Corporates Act (Alberta) at Alberta Registries and is effective October 4, 2018.

On October 2, 2018, the Company closed a brokered private placement (entered into on June 21, 2018) issuing 13,307,418 special warrants for gross proceeds of \$18.4 million. The Company received net proceeds of \$17.0 million after deduction of commissions, brokerage, legal and other fees. Each special warrant will consist of one common share and one-half common share purchase warrant exercisable at a purchase price of \$2.07 per warrant for a period of 24 months from the date of listing on the Canadian Securities Exchange.

On October 17, 2018, the Company acquired 100% of common shares of Smiley's Cannabis and Bud's in Okotoks, Alberta. The acquisition provides the Company with an additional retail location and development permit to operating a recreational Cannabis store.

SCHEDULE “C” – MD&A FOR THE YEAR ENDED OCTOBER 31, 2017



RGR CANADA INC., SMOKER'S CORNER LTD. AND FAMOUS BRANDZ INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED OCTOBER 31, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

RGR CANADA INC., SMOKER'S CORNER LTD. AND FAMOUS BRANDZ INC.

FOR THE YEAR ENDED OCTOBER 31, 2017

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1.0 Preface

1.1 Definitions

In this document, the terms “we”, “us”, “our”, “Group” refer to the combined financial results of RGR Canada Inc. (“RGR”), Smoker’s Corner Ltd. (“Smoker’s Corner”) and Famous Brandz Inc. (“Famous Brandz”). This document also refers to the Group’s two reportable operating segments: the “Retail segment”, the “Wholesale segment”.

The financial results for the Wholesale segment are delivered by the businesses operated under the Group’s Wholesale entities RGR and Famous Brandz. The financial results for the Retail segment are delivered by the business operated under the Group’s retail entity Smoker’s Corner.

Other capitalized terms in this document are defined the first time they are used.

1.2 Forward-Looking Statements

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

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

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

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

Readers are cautioned that the foregoing lists of factors are not exhaustive. The forward-looking statements contained in this MD&A and the documents incorporated by reference herein are expressly qualified by this cautionary statement. The forward-looking statements contained in this document speak only as of the date of this document and the Group 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.

1.3 Review and Approval by the Board of Directors

The contents of this MD&A were approved and authorized for issuance by the Board of Directors on October 28, 2018.

1.4 Accounting Estimates and Assumptions

In the application of the Group's accounting policies management is required to make judgements, estimates and assumptions that affect the carrying amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combined financial statements, and the reported amounts of revenues and expenses for the years presented. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant, the results of which form the basis of the valuation of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to 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. The following are the critical judgements in applying accounting policies and key sources of estimation uncertainty at the end of the reporting year that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Estimates

Critical accounting estimates are those that require management to make assumptions about matters that are highly uncertain at the time the estimate or assumption is made. Critical accounting estimates are also those that could potentially have a material impact on the Group's financial results where a different estimate or assumption is used.

The significant area of estimation uncertainty is:

Allowance for doubtful accounts

The Group makes an allowance for doubtful accounts based on an assessment of the recoverability of receivables. Allowances are applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analyzed historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in customer payment terms when estimating the adequacy of the allowance for doubtful accounts. Where the expectation is different from the original estimate, such difference will impact the carrying value of receivables.

Write-down of inventory

Inventory is carried at the lower of cost and net realizable value; in estimating net realizable value, the Group makes estimates related to obsolescence, future selling prices, seasonality, customer behaviour, and fluctuations in inventory levels.

Taxation

The calculations for current and deferred taxes require management's interpretation of tax regulations and legislation in the various tax jurisdictions in which the Group operates, which are subject to change. The measurement of deferred tax assets and liabilities requires estimates of the timing of the reversal of temporary differences identified and management's assessment of the Group's ability to utilize the underlying future tax deductions against future taxable income before they expire, which involves estimating future taxable income. The Group is subject to assessments by various taxation authorities in the tax jurisdictions in which it operates and these taxation authorities may interpret the tax legislation and regulations differently. In addition, the calculation of income taxes involves many complex factors. As such, income taxes are subject to measurement uncertainty and actual amounts of taxes may vary from the estimates made by management.

Deferred tax assets

Deferred tax assets, including those arising from tax loss carry-forwards, require management to assess the likelihood that the Group will generate sufficient taxable income in future periods in order to utilize recognized deferred tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. In addition, future changes in tax laws could limit the ability of the Group to obtain tax deductions

in future periods. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realize the net deferred tax assets recorded at the reporting date could be impacted.

Judgements

Judgement is used in situations when there is a choice and/or assessment required by management. The following are critical judgements apart from those involving estimations, that management has made in the process of applying the Group's accounting policies and that have a significant effect on the amounts recognized in the combined financial statements.

Determination of Cash Generating Units ("CGUs")

For the purposes of assessing impairment of non-financial assets, the Group must determine CGUs. Assets and liabilities are grouped into CGUs at the lowest level of separately identified cash flows. Determination of what constitutes a CGU is subject to management judgement. The asset composition of a CGU can directly impact the recoverability of assets included within the CGU. The determination of the Group's CGUs was based on management's judgement in regard to shared infrastructure, geographical proximity and similar exposure to market risk and materiality. The Group has 1 CGU at October 31, 2017 (October 31, 2016 – 1).

Contingencies

Management uses judgement to assess the existence of contingencies. By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. Management also uses judgement to assess the likelihood of the occurrence of one or more future events.

1.5 Rounding and Percentages

Rounded numbers are used throughout the MD&A. All year-over-year percentage changes are calculated on whole dollar amounts except in the presentation of basic and diluted earnings per share ("EPS"), in which the year-over-year percentage changes are based on fractional amounts.

2.0 Company and Industry Overview

2.1 Overview of the Business

RGR was incorporated under the laws of Alberta, Canada, on November 16, 2010, Smoker's Corner was incorporated under the laws of Alberta, Canada, on July 22, 2009, and Famous Brandz was incorporated under the laws of Ontario, Canada, on September 28, 2015.

The Group is a privately-held, wholesale and retail, smoking accessories corporation operating under common control. Specific principal activities of each of the entities within the Group are as follows: RGR is a high-quality and innovative designer, manufacturer and distributor of smoking accessories. Smoker's Corner is approved by the Canadian Franchise Association and is a Canadian counter-culture chain with 17 locations. Famous Brandz is a manufacturer of licenced lifestyle accessories, through celebrity endorsements and entertainment companies, which are sold to wholesalers and retailers around the world. Subsequent to the period end, two additional Smoker's Corner locations were opened bringing the total count to 19.

The address of the Group's registered office is 120 4954 Richmond Road SW, Calgary, Alberta T3E 6L1.

2.2 Competitive Landscape

The Group operates 9 retail locations under the Smoker's Corner brand across Alberta and British Columbia and is represented by 10 franchised locations operating across Alberta, British Columbia and Nova Scotia. Key competitors in this segment are independent retailers without significant concentration. Smoker's Corner has created a differentiated brand through its locations and customer service as well as the depth and breadth of its product offering, which is largely sourced through RGR

The Wholesale segment's only major competitors operate as product distributors, while the Group designs, manufactures, imports and distributes its products. This creates advantages through vertical integration due to favorable product costs and the ability to leverage different price points and maintain strong margins. These strengths are passed-through to the Retail segment.

In future years, the Group expects that its Retail segment will experience increased competition from the deregulated recreational cannabis industry with an increasing number of third-party stores offering cannabis products along with smoking accessories. The Group believes that its product knowledge and operating advantages achieved through vertical integration will allow it to continue to operate profitably. Additionally, the Group expects opportunities to arise from the deregulation of recreational cannabis for its Wholesale segment to acquire new customers, thereby offsetting some of the risks associated with increased competition affecting our Retail segment.

3.0 Operating Performance

3.1 Statement of Financial Position

At October 31, 2017, the Group has a working capital deficit of \$9,897,428 (2016 - \$10,450,887), which is mainly due to the issuance of redeemable preference shares in the amount of \$18,629,100 in June of 2016. The Group generated income for the year of \$577,305 (2016 - \$1,215,758) and also generated positive operating cash flow of \$1,041,438 during the year (2016 - \$289,720).

3.2 Selected Annual Information

The following table provides a brief summary of the Group's financial operations for the fiscal years of 2017, 2016 and 2015 ending on October 31 and for the position as at October 31 in each fiscal year.

	2017 Audited	2016 Audited	2015 Unaudited
Revenue	\$ 9,993,246	\$ 8,439,984	\$ 8,251,439
Gross Margin	\$ 4,707,750	\$ 4,394,061	\$ 3,834,066
Gross Margin Rate	47.11%	52.06%	46.47%
Total Expenses	\$ 3,865,378	\$ 2,710,150	\$ 2,537,992
Income Before Taxes	\$ 842,372	\$ 1,683,911	\$ 1,296,074
Income for the Period	\$ 577,305	\$ 1,215,758	\$ 813,482
Income Per Share (Basic)	\$ 0.05	\$ 3.04	\$ 2.03
Income Per Share (Diluted)	\$ 0.05	\$ 3.04	\$ 2.03
Total Assets	\$ 11,113,004	\$ 10,418,218	\$ 8,047,105
Total Non-Current Liabilities	\$ 21,833	\$ 25,239	\$ 603,757
Total Liabilities	\$ 20,369,839	\$ 20,292,383	\$ 2,076,218
Total Equity (Shareholders' Deficiency)	\$ (9,256,835)	\$ (9,874,165)	\$ 5,970,827

Total Expenses include Salaries, Wages and Benefits, General and Administrative Expenses, Professional Fees, Advertising and Promotional Expenses, Depreciation, Interest and Banking Charges and Other Income (Expense) (Derivative Liability Fair Value, Accretion Expenses, Disposition of Marketable Securities and Foreign Exchange loss(gain)). Total Expenses excludes Cost of Sales and Income Tax.

The combined financial statements for the period ending October 31, 2015, have been presented for the purposes of trending performance only. They have not been prepared using the same accounting principles as the periods ending October 31, 2016, and October 31, 2017, and are unreviewed and unaudited.

3.3 Combined Operations

Revenue increased from 2016 to 2017 by \$1.5 million or 18.4% driven by growth in the Group's Wholesale segment, which included only a partial year of operations in 2016 for Famous Brandz compared to a full year in 2017. A large portion of the revenue growth is due to a single sale of \$0.7 million to a sole customer that sought an exclusive distribution deal from Famous Brandz. The Group was not willing to commit to exclusivity and subsequently does not expect to repeat that sale in 2018. The sales performance translated to an improved Gross Margin which increased by \$0.3 million or 7.1%, while the combined gross margin rate fell by 495 basis points ("bps") attributable to the increase in sales mix of the Wholesale segment, which carries lower margin rates than the Retail segment.

Income for the Period fell by \$0.6 million or 52.5% primarily driven by an increase of \$1.2 million or 42.6% in operating expenses. The increase in expenses were driven by increased personnel to support product development and sales, professional fees for audited financial statements and increased promotional activity to grow our Wholesale segment.

Income Per Share fell by \$2.99 or 98.4%. A decline of \$1.60 or 52.5% is attributable to the reduction in income, while the balance of the reduction is attributable to the issuance of 6,400,000 bonus shares in Famous Brandz as well as the conversion of shareholders loans into another 11,600,000 shares.

3.4 Segment Operations

\$ millions	Wholesale		Retail		Total	
	2017	2016	2017	2016	2017	2016
Revenue	5.8	4.4	4.2	4.1	10.0	8.4
Gross Margin	1.2	0.7	3.5	3.7	4.7	4.4
Rate	21.4%	15.5%	82.1%	91.1%	47.1%	52.1%
Total Expenses	2.3	1.2	1.6	1.5	3.9	2.7
(Loss)/Income	(0.8)	(0.4)	1.4	1.6	0.6	1.2

Total Expenses include Salaries, Wages and Benefits, General and Administrative Expenses, Professional Fees, Advertising and Promotional Expenses, Depreciation, Interest and Banking Charges and Other Income (Expense) (Derivative Liability Fair Value, Accretion Expenses, Disposition of Marketable Securities and Foreign Exchange loss(gain)). Total Expenses excludes Cost of Sales and Income Tax.

3.4.1 Wholesale Segment Performance

The Group's Wholesale segment achieved significant growth in revenue as Famous Brandz operated for the full twelve months compared to only four months in 2016. Their performance saw Wholesale segment revenues increase by \$1.4 million or 32.2% partly driven by a sole customer that placed an order for \$0.7 million. The customer was seeking an exclusive distribution agreement with Famous Brandz, which the Group was unwilling to accept. Consequently, the Group does not expect this sale to repeat in 2018.

Costs similarly increased with a full twelve months of operations driven by new office and staff expenses to operate Famous Brandz and sales commissions tied to the increase in revenue.

The increase in costs lead to a loss in the Wholesale segment of \$0.8 million.

3.4.2 Retail Segment Performance

The Group's Retail segment demonstrated consistent performance between 2016 and 2017 in line with management's expectations. Revenue increased nominally, driven by additional royalties paid by two stores that

converted from corporate stores to franchises. The remaining corporate stores increased their sales performance as a result of strong demand that held year-over-year figures steady, despite the drop in corporate store count. Gross margin dollars dropped slightly, due to the decrease in gross margin rate attributable to a change in sales mix. The change was the result of increased sales of electronic cigarettes, vaporizers and related products that have become a larger proportion of the Group's sales and carry smaller margins as a category.

Expenses were in-line with the prior year, leading to a decline in income of \$0.2 million compared to 2016 due to the decrease in gross margin.

3.5 Summary of Quarterly Results

3.5.1 Fourth Quarter Highlights

The Group experienced growth in fourth quarter 2017 sales driven by the full year performance of Famous Brandz which had only partial operations in 2016 driving the revenue increase of \$0.7 million. Net income was comparable due to increased expenses associated with operating Famous Brandz while EPS declined due to share issuances over the year.

3.5.2 Seasonal Trend Analysis

(C\$ in millions, except per share amounts)	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016
Revenue	2.5	3.0	2.1	2.4	1.8	2.2	2.0	2.4
Net income	0.1	0.6	0.1	(0.1)	0.1	0.1	0.5	0.6
Basic EPS	0.01	0.04	0.01	(0.02)	0.14	0.21	1.13	1.56
Diluted EPS	0.01	0.04	0.01	(0.02)	0.14	0.21	1.13	1.56

Aside from the annual increase in consumer spending leading up to the winter holiday season, which occurs in Q1 for the Group, seasonality is not a significant factor in the Group's sales performance. Improved sales performance was achieved in Q3 and Q4 2017, relating to increased Wholesale performance and a single sale of \$0.7 million which is not expected to repeat in 2018.

3.6 Operating Commitments, Risks and Inflation

The Group is subject to operating risks driven by changes in the economic landscape, inflation, consumer spending and foreign exchange. The group monitors these environments for risks inherent to its business strategy and adjusts product and pricing strategies accordingly to mitigate these risks.

Further details on the companies liquidity risk, capital commitments and operating risks are present in sections 5.0, 6.0 and 10.0 respectively.

4.0 Balance Sheet

4.1 Current Assets Highlights

4.1.1 Accounts Receivable

Accounts Receivable consist of inventory sales to Franchisees and third-party account sales for the Group's Wholesale segment. Receivables related to Franchisees increased approximately \$0.45 million due to two new franchisees and additional inventory shipments to existing Franchisees. Increased account sales to third parties provided an increase of \$0.15 million consistent with the Wholesale segment sales performance.

	2017	2016
Trade receivables	\$ 1,819,233	\$ 1,219,372

Allowance for doubtful receivables	(108,831)	(119,999)
	\$ 1,710,402	\$ 1,099,373

Aged receivables increased significantly in 2017 driven by product shipments to Franchisees which have prioritized the payment of funds provided to establish their operations. As such, they have not been deemed to be at risk, notable by the comparable allowance year-over-year. These amounts are deemed to be collectable and are secured through inventories and leasehold improvements.

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

	2017	2016
Current (for less than 30 days)	\$ 334,884	\$ 245,948
31 – 60 days past due	174,777	169,559
61 – 90 days past due	156,836	113,169
Past due for greater than 90 days	1,152,736	690,696
Allowance for doubtful accounts	(108,831)	(119,999)
	\$ 1,710,402	\$ 1,099,373

4.1.2 Inventory

Inventory levels have decreased in 2017 by \$178,514 primarily due to the conversion of two corporate stores into franchise stores. Accordingly, their inventories are no longer recognized by the Group.

	2017	2016
Retail inventory	\$ 3,951,783	\$ 4,167,673
Provision for obsolescence	(409,193)	(446,569)
	\$ 3,542,590	\$ 3,721,104

Inventories recognized as an expense and included in cost of sales during the year ended October 31, 2017, totaled \$4,060,737 (2016 – \$4,019,722).

4.1.3 Marketable Securities

Marketable Securities increased by \$534,958 in 2017 due in part to changes in their fair value of \$51,021 and in part to purchases of listed equity and fixed income securities of \$483,937. Marketable securities were used as a store of excess cash to get a short-term return. The securities will be divested in 2018 as a dividend payment associated with the corporate reorganization described in subsequent events.

	2017	2016
Listed equity securities	\$ 313,336	\$ 162,916
Listed fixed income securities	384,538	-
	\$ 697,874	\$ 162,916

The Group recorded an unrealized gain on change in fair value of the marketable securities of \$51,021 (2016 - \$Nil) in other comprehensive income.

4.2 Non-Current Assets Highlights

4.2.1 Deferred Tax Asset

Deferred Tax Assets increased by \$250,786 resulting from losses in the Wholesale segment. The asset may be used to reduce future tax liabilities.

	2017	2016
Balance, beginning of year	\$ 228,439	\$ 89,940
Deferred tax recovery	250,786	138,499

Balance, end of year	\$	479,225	\$	228,439
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4.3 Current Liabilities

4.3.1 Accounts Payable and Accrued Liabilities

Accounts Payable and Accrued Liabilities increased by \$299,058 in 2017 driven by endorsement agreements held under Famous Brandz for branded products. Famous Brandz has entered into several licensing agreements with Snoop Dogg, Trailer Park Boys, Jay and Silent Bob and Cheech and Chong. Branded products help to establish a premium product and differentiate Famous Brandz as a smoking accessories wholesaler.

	2017	2016
Trade payables	\$ 675,283	\$ 445,392
Accrued salaries	60,839	22,162
Accrued liabilities	33,381	-
Other payables	29,392	32,283
	\$ 798,895	\$ 499,837

4.3.2 Preference Shares

Preference Shares of \$18,629,100 were established in 2016 and were unchanged in 2017. This liability relates to the issuance of preferred shares redeemable at \$100.00 per share at the option of the Group or the holder.

Subsequent to the year-end, High Tide Inc. ("High Tide") acquired all of the redeemable preference shares of RGR and Smoker's Corner from the holders, issuing common shares of High Tide in exchange.

4.4 Off-Balance Sheet Arrangements

The Group has no off-balance sheet arrangements.

5.0 Cash Flow and Liquidity

During the period ended October 31, 2017, the Group's cash flow provided by operating activities was \$1,041,438. The major changes in working capital accounts were generated, in order of magnitude, by accounts receivable, income tax paid, accounts payable and accrued liabilities, shareholder loans, prepaid expense, inventory, loans receivable and advances to related parties.

For the period ended October 31, 2017, the Group's cash flow used in financing activities was \$555,142, which was almost fully comprised of \$560,007 for the payment of dividends. For the period ended October 31, 2017, the Group's cash flow used in investing activities was \$534,141, which was almost fully comprised of \$483,937 for the purchase of marketable securities.

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

October 31, 2017	Contractual cash flow (\$)	Less than one year (\$)	1-5 years (\$)	Greater than 5 years (\$)
Accounts payable and accrued liabilities	798,895	798,895	-	-
Income taxes payable	677,166	677,166	-	-
Finance lease obligation	54,740	32,907	17,412	4,421
Total	1,530,801	1,508,968	17,412	4,421

The Group generates sufficient cash flow from operations to fund current liabilities and capital commitments. Changes in the Group's cash flows are present due to the timing of inventory purchases or marketable securities held for sale. Future growth plans would require additional funding to be raised.

6.0 Capital Commitments and Management

6.1 Commitments

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

As at October 31		2017
Less than one year	\$	385,935
Between one and five years		567,065
More than five years		-
	\$	953,000

The group generates sufficient cash flow from operations to meet these commitments.

6.2 Capital Management

The Group's objectives when managing capital are to:

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

The Group's strategy is formulated to maintain a flexible capital structure consistent with the objectives as stated above and to respond to changes in economic conditions and the risk characteristics of the 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 Group is not subject to any externally imposed capital requirements or covenants. The Group's capital structure consists of equity and working capital. In order to maintain or alter the capital structure, the Group may adjust capital spending, raise new debt and issue share capital. The Group expects that funds generated from operations and working capital amounts will provide sufficient capital resources and liquidity to fund existing operations in 2018 and 2019.

7.0 Shareholders' Equity and Share Capital

7.1 Changes in Equity

At October 31, 2017, the Group had a shareholders' deficiency of \$9,256,835, which improved by \$617,330 from 2016 predominantly due to in year income.

The deficit position for shareholder equity was created on June 30, 2016, RGR and Smoker's Corner each repurchased 100 Class A common shares in exchange RGR issued 44,022 Class F and 44,022 Class G Preferred Shares and Smoker's Corner issued 98,247 Class F Preferred Shares. These Classes F and G Preferred Shares have a redemption value of \$100.00 each and are redeemable by RGR and Smoker's Corner or at the option of the holder when notice is served by the party exercising the option. The fair value of these Classes F and G Preferred Shares have been determined to be \$18,629,100.

Combined Statements of Changes in Shareholders' Equity

	Share capital	Accumulated other comprehensive income	Retained earnings (loss)	Total Shareholders' deficiency
	\$	\$	\$	\$
Balance at October 31, 2015	6	-	7,694,484	7,694,490
Share repurchased (Notes 14 (b) and 15)	(2)	-	(18,629,098)	(18,629,100)
Share issued (Note 14 (b))	2	-	-	2
Income for the year	-	-	1,215,758	1,215,758
Payment of dividends	-	-	(155,315)	(155,315)
Balance at October 31, 2016	6	-	(9,874,171)	(9,874,165)
Bonus shares (Note 14 (b))	237,619		(237,619)	-
Shares issued upon conversion of shareholder loans (Note 14 (b))	549,011	-	-	549,011
Payment of dividends (Note 14 (b))	-	-	(560,007)	(560,007)
Income for the year	-	-	577,305	577,305
Other comprehensive income	-	51,021	-	51,021
Balance at October 31, 2017	786,636	51,021	(10,094,492)	(9,256,835)

7.2 Shares Outstanding

The Group is authorized to issued an unlimited number of common shares and preferred shares of the following classes:

- (i) Class A voting common shares;
- (ii) Class B voting common shares;
- (iii) Class C voting common shares;
- (iv) Class D voting common shares;
- (v) Class E non-voting common shares;
- (vi) Class F preferred shares non-voting;
- (vii) Class G preferred shares non-voting; and
- (viii) Special voting preferred shares.

Of the voting common shares, the Group has only issued from Class A as of October 31, 2017, and 2016.

	Class A #	\$
Balance, October 31, 2016	400,200	6
Bonus shares	6,400,000	237,619
Shares issued upon conversion of shareholder loans	11,600,000	549,011
Balance, October 31, 2017	18,400,200	786,636

Of the non-voting preferred shares, the Group issued from Classes F and G during the year (Note 13). The holders of special voting preferred shares are not entitled to receive any dividends. The special voting preferred shares have a redemption value of \$0.01 per share. In the event of liquidation, dissolution or winding up, the holders shall be entitled, in priority to holders of Classes A, B, C, D and E but subject to preferences accorded to holders of Classes F and G, an amount equal to the redemption amount. These special voting preferred shares are subject to redemption at the option of the directors of the Group, without consent of the holders, and, if less than the whole of the outstanding special voting preferred shares are to be redeemed, then the preferred shares to be redeemed will be selected in such a manner as the Board of Directors may determine.

	Class F #	Class G #	\$
Balance, October 31, 2015	-	-	-
Issued during the year	142,269	44,022	18,629,100
Balance, October 31, 2016 and 2017	142,269	44,022	18,629,100

In line with the Group's accounting policy relating to preference shares (see Note 3), the Classes F and G preference shares have been classified as a financial liability.

Subsequent to the 2017 year-end, High Tide acquired all of the redeemable preference shares of RGR and Smoker's Corner from the holders, issuing common shares of High Tide in exchange.

8.0 Related-Party Transactions

8.1 Common Control

As at October 31, 2017, the Group was under the common control of Harkirat ("Raj") Grover.

8.2 Key Management Compensation

The Group defines key management personnel as being the Chief Executive Officer, Chief Financial Officer and Chief Revenue Officer. The Group doesn't provide non-cash benefits to the key management.

Key management compensation for the years ended October 31 is as follows:

	2017	2016
Salaries and other short term employee benefits	310,000	310,000

9.0 Financial Instruments and Risk Management

The Group's activities expose it to a variety of financial risks. The Group is exposed to credit, liquidity, and market risk because of holding certain financial instruments. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. Risk management is carried out by senior management in conjunction with the Board of Directors.

9.1 Fair Value

The Group's financial instruments consist of cash and cash equivalent to accounts receivable (trade), marketable securities, loans receivable, advances to related parties, accounts payable and accrued liabilities, and finance lease obligation. The carrying amounts of current assets and liabilities approximate their fair value due to their short period to maturity.

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

The carrying value of the Group's cash and cash equivalents, marketable securities, accounts receivable, current portion of loans receivable, accounts payable and accrued liabilities and current portion of long-term debt approximate their fair value due to the short-term maturities of these financial institutions.

Loans receivable are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The fair value of notes receivable are not materially different to their carrying amounts, since the interest receivable on those notes is either close to current market rates or the notes are of a short-term nature. If collection of the amounts is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

For all borrowings, the fair values are not materially different to their carrying amounts, since the interest payable on those borrowings is close to current market rates.

9.2 Credit Risk

Credit risk arises when one party to a financial instrument will cause a financial loss for the other party by failing to discharge its obligation. Financial instruments that subject the Group to credit risk consist primarily of cash, accounts receivable and marketable securities. The credit risk relating to cash and cash equivalents and marketable securities balances is limited because the counterparties are large commercial banks in Canada and the United States. The amounts reported for accounts receivable in the statement of financial position are net of allowances for doubtful accounts and bad debts and the net carrying value represents the Group's maximum exposure to credit risk. Accounts receivable (trade) credit exposure is minimized by entering into transactions with creditworthy counterparties and monitoring the age and balances outstanding on an ongoing basis. Payment terms with customers are at the point of sale or within 30 days from invoice date for corporate customers. Sales to retail customers are required to be settled in cash or using major credit cards, mitigating credit risk.

For uncollectible receivables, the estimated impairment losses are recognised in a separate provision for impairment. The Group considers that there is evidence of impairment if any of the following indicators are present:

- significant financial difficulties of the customer;
- probability that the customer will enter bankruptcy or financial reorganisation; and
- default or delinquency on payments (more than 90 days overdue).

Receivables for which an impairment provision was recognised are written off against the provision when there is no expectation of recovering additional cash. Impairment losses are recognised in profit or loss within general and administrative expenses. Subsequent recoveries of amounts previously written off are credited against general and administrative expenses.

9.3 Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group generally relies on funds generated from operations and related parties to provide sufficient liquidity to meet budgeted operating requirements and to supply capital to increase the development of its technology services.

The Group has sufficient working capital to meet obligations as they come due.

9.4 Interest Rate Risk

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

9.5 Foreign Currency Risk

Foreign currency risk is defined as the risk that the fair value or future cash flow of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group maintains cash balances and enters into transactions denominated in foreign currencies, principally in United States dollars, which exposes the Group to fluctuating balances and cash flow 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 October 31 was as follows:

*(Canadian dollar equivalent amounts
of US dollar balances)*

	2017	2016
Cash	\$ 211,428	\$ 211,625
Accounts receivable	51,034	72,073
Marketable securities	246,884	122,443
Accounts payable and accrued liabilities	(235,071)	(99,977)
Net monetary assets	\$ 274,275	\$ 306,164

Assuming all other variables remain constant, a fluctuation of +/- 5.0 percent in the exchange rate between the American dollar and the Canadian dollar would impact income before tax by approximately \$18,000 (2016 - \$20,000). To date, the Group has not entered into financial derivative contracts to manage exposure to fluctuations in foreign exchange rates.

10.0 Subsequent Events

10.1 Organizational Restructuring

The Group underwent an organizational restructuring whereby an ultimate parent company named High Tide Ventures Inc. was incorporated in the province of Alberta on February 2, 2018. High Tide Ventures Inc. was subsequently renamed High Tide Inc. on October 4, 2018 ("High Tide"). High Tide operating as a parent company to the Group acquired, through share exchange, all of the common shares of RGR and Smoker's Corner on February 28, 2018, and acquired, through share conversion and issuance of shares for convertible debentures, all of the common shares of Famous Brandz on April 2, 2018. High Tide also acquired all of the redeemable preference shares of RGR and Smoker's Corner from the holders, issuing common shares of High Tide in exchange.

Canna Cabana Inc. ("Canna Cabana") was incorporated on February 22, 2018, and is a wholly-owned subsidiary of High Tide. Canna Cabana has been established to operate retail cannabis stores upon deregulation of recreational cannabis on October 17, 2018.

Raj Grover maintains a majority ownership holding, controlling or directing 51.78% of shares in High Tide as of the date of writing.

10.2 Private Placements and Proposed Transactions

Between December 2017 and April 2018, High Tide issued unsecured convertible debentures with warrants. Each unit consisted of \$1,000 principal amount of an unsecured convertible debenture and one-half common share purchase warrant. A total of 721 units were issued, raising net cash of \$710,000.

On May 2, 2018, High Tide closed a brokered private placement offering for 3,705,000 common shares at \$1.00 per share.

On October 2, 2018, the Company closed a brokered private placement (entered into on June 21, 2018) issuing 13,307,418 special warrants for gross proceeds of \$18.4 million. The Company received net proceeds of \$17.0 million after deduction of commissions and brokerage fees issued in two tranches of \$8.2 million on August 22, 2018, and \$5.7 million on October 2, 2018. The balance of funds are held in trust by Garfinkle Biderman LLP. Each special warrant will consist of one common share and one-half common share purchase warrant exercisable at a purchase price of \$2.07 per warrant for a period of 24 months from the date of listing on the Canadian Securities Exchange.

Subsequent to the period end, the Company initiated a process to become a listed entity on the Canadian Securities Exchange ("CSE"). The company is pursuing a listing to enable easier access to capital markets should additional capital be required to fund future growth plans as well as to create liquidity for existing shareholders.

10.3 KushBar Inc. Partnership

On April 1, 2018, High Tide entered into a business partnership with KushBar Inc. ("KushBar") securing a 50.1% share of ownership. The business partnership with KushBar was established to gain access to strategic real estate locations across Canada with an intended focus on the province of Ontario.

10.4 Canna Cabana and KushBar Licensing

The Company, through Canna Cabana and KushBar, submitted applications for 32 retail cannabis licences in Alberta. An additional licence application under Canna Cabana was submitted by a franchisee. On August 16, 2018, Canna Cabana was granted an interim conditional licence by Alberta Gaming and Liquor Commission (AGLC) for the sale of cannabis in Alberta. Further, as of the date of these unaudited condensed consolidated interim financial statements Canna Cabana has received 19 development permits for municipal operations. The Company, through Kush West has submitted an application for a wholesale cannabis permit in the province of Saskatchewan.

10.5 Construction Contracts

Subsequent to the period end, Canna Cabana has entered into contracts totalling \$5.9 million with three building contractors in Calgary and Edmonton for the construction of 24 retail outlets. Additional contracts for security services have been signed with a Calgary based security services company.

10.6 Development of a New Office and Warehouse

A new office and warehouse unit ("unit") is currently being developed by Grover Properties Inc., a related party under the control of a shareholder. This unit will be leased to High Tide to accommodate the Company's planned operational expansion. High Tide will be responsible for the related leasehold improvements, which are currently estimated at \$1.2 million. An assessment for fair market lease rates is currently being performed to establish an appropriate rental amount between the related parties. To facilitate the mortgage for the development of this unit, a loan guarantee of up to \$1.5 million has been provided by Smoker's Corner and the mortgage is yet to be finalized. The unit is expected to be completed and ready for occupancy on or around December 31, 2018.

10.7 New Contracts

On August 16, 2018, High Tide announced that it entered into a distribution agreement for its "Famous X" line of lifestyle accessories with Evergreen, a division of Summit Distribution, LLC ("Evergreen"). The range of products being distributed under the agreement were developed by the Company's Famous Brandz entity and include but are not limited to bubblers, dugouts, grinders, hand pipes, rolling trays and water pipes. Effective immediately, shipments of the "Famous X" product line, featuring familiar brands of Cheech & Chong's Up in Smoke and the Trailer Park Boys, will start being delivered to Evergreen's regional distribution centres across the United States.

On September 14, 2018, Famous Brandz announced that it entered into a Master Accessories Supply Agreement ("MASA") with the Ontario Cannabis Store ("OCS"). The MASA formalizes the supply of a variety of the Company's hand-blown glass smoking accessories from its "Famous X" line of convenient and cost-effective products, over a two-year initial term with two-year renewal options held by the OCS. This MASA serving the province of Ontario, which is Canada's largest consumer market, validates Famous Brandz as a leading player in the cannabis accessories market.

On September 18, 2018, High Tide's wholly-owned subsidiary, Famous Brandz ("Famous Brandz") entered into a licensing agreement for certain merchandising rights to Guns N' Roses with Bravado Canada, A Division of Universal Music Canada Inc. (the "Licence"). In exchange for royalties payable to the licensor, the Licence authorizes Famous Brandz to sell Guns N' Roses branded goods including bubblers, dugouts, grinders, hand pipes, rolling papers, trays, vaporizers, waterpipes and other smoking accessories. The Licence has a three-year term and

features an unlimited global territory, with all products permitted to be sold via mass retail, specialty stores, independent retailers and e-commerce websites.

10.8 Shareholder and Director Resolutions

On August 24, 2018, High Tide held a special meeting of shareholders to appoint the new members of the Board of Directors consisting of Arthur Kwan, Nader Ben Aissa, Paul Rosen and David Shekhter. On August 27, 2018, David Shekhter resigned due to a conflict of interest. On October 16, 2018 Nitin Kaushal was appointed to the Board of Directors. The Board of Directors is currently comprised of Raj Grover, Arthur Kwan, Nader Ben Aissa, Paul Rosen and Nitin Kaushal.

On September 18th, 2018, our Board of Directors authorized a stock split of both our authorized, and issued and outstanding shares of common stock of High Tide Inc. at a ratio of 2.76 for 1 common share (the “Stock Split”). The corporate action regarding the Stock Split with the Alberta Security Commission (ASC) was filed on October 4th, 2018.

The shareholders also passed resolutions to change the name of the Company from High Tide Ventures Inc. to High Tide Inc., which occurred on October 4, 2018.

10.9 Passing of Cannabis Act

The Cannabis Act has been passed which prevents the sale of certain types of branded cannabis accessories in Canada. As a result, the Group will redirect the sale of its branded products into international markets.

10.10 Business Acquisition

On October 17, 2018, the Company acquired 100% of Smiley’s Cannabis and Bud’s in Okotoks, Alberta. The acquisition provides the Company with an additional retail location and development permit to operating a recreational Cannabis store.

11.0 ADDITIONAL INFORMATION

Additional information pertaining to the Group is available at www.hightideinc.ca.

**SCHEDULE “D” – INTERIM MD&A FOR THE FOR THE THREE AND NINE MONTHS
ENDED JULY 31, 2018**



HIGH TIDE INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND NINE MONTHS ENDED JULY 31, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

HIGH TIDE INC.

FOR THE THREE AND NINE MONTHS ENDED JULY 31, 2018

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1.0 Preface

1.1 Definitions

In this document, the terms “we”, “us”, “our” and “Company” refer to the current year condensed consolidated financial results of High Tide Inc., (“High Tide”). High Tide is the parent company to the wholly-owned subsidiaries RGR Canada Inc. (“RGR”), Smoker’s Corner Ltd. (“Smoker’s Corner”), Famous Brandz Inc. (“Famous Brandz”), Canna Cabana Inc. (“Canna Cabana”), Kush West Distribution Inc. (“Kush West”) and 50.1% of KushBar Inc. (“KushBar”). This document also refers to the Company’s two reportable operating segments: the “Retail segment”, the “Wholesale segment”.

References to prior year comparable periods represent the condensed combined financials results of RGR, Smoker’s Corner and Famous Brandz (the “Group”).

The financial results for the Wholesale segment are delivered by the businesses operated under High Tide’s wholesale entities – RGR, Famous Brandz and Kush West. The financial results for the Retail segment are delivered by the business operated under High Tide’s retail entities – Smoker’s Corner, Canna Cabana and KushBar.

Other capitalized terms in this document are defined the first time they are used.

1.2 Forward-Looking Statements

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

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

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

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

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

1.3 Review and Approval by the Board of Directors

The contents of this MD&A were approved by the Board of Directors on October 28, 2018.

1.4 Use of Judgements and Estimates

In the application of the Company's accounting policies management is required to make judgements, estimates and assumptions that affect the carrying amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combined financial statements, and the reported amounts of revenues and expenses for the years presented. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant, the results of which form the basis of the valuation of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to 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.

The following are the critical judgements in applying accounting policies and key sources of estimation uncertainty at the end of the reporting year that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Estimates

Critical accounting estimates are those that require management to make assumptions about matters that are highly uncertain at the time the estimate or assumption is made. Critical accounting estimates are also those that could potentially have a material impact on the Company's financial results where a different estimate or assumption is used. The significant area of estimation uncertainty is:

Allowance for doubtful accounts

The Company makes an allowance for doubtful accounts based on an assessment of the recoverability of receivables.

Allowances are applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analyzed historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in customer payment terms when estimating the adequacy of the allowance for doubtful accounts. Where the expectation is different from the original estimate, such difference will impact the carrying value of receivables.

Write-down of inventory

Inventory is carried at the lower of cost and net realizable value; in estimating net realizable value, the Company makes estimates related to obsolescence, future selling prices, seasonality, customer behaviour, and fluctuations in inventory levels.

Taxation

The calculations for current and deferred taxes require management's interpretation of tax regulations and legislation in the various tax jurisdictions in which the Company operates, which are subject to change. The measurement of deferred tax assets and liabilities requires estimates of the timing of the reversal of temporary differences identified and management's assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income before they expire, which involves estimating future taxable income.

The Company is subject to assessments by various taxation authorities in the tax jurisdictions in which it operates and these taxation authorities may interpret the tax legislation and regulations differently. In addition, the calculation of income taxes involves many complex factors. As such, income taxes are subject to measurement uncertainty and actual amounts of taxes may vary from the estimates made by management.

Deferred tax assets

Deferred tax assets, including those arising from tax loss carry-forwards, require management to assess the likelihood that the Company will generate sufficient taxable income in future periods in order to utilize recognized deferred tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted.

Judgements

Judgement is used in situations when there is a choice and/or assessment required by management. The following are critical judgements apart from those involving estimations, that management has made in the process of applying the Company's accounting policies and that have a significant effect on the amounts recognized in the combined financial statements.

Determination of Cash Generating Unit ("CGUs")

For the purposes of assessing impairment of non-financial assets, the Company must determine CGUs. Assets and liabilities are grouped into CGUs at the lowest level of separately identified cash flows. Determination of what constitutes a CGU is subject to management judgement. The asset composition of a CGU can directly impact the recoverability of assets included within the CGU. The determination of the Company's CGUs was based on management's judgement in regard to shared infrastructure, geographical proximity and similar exposure to market risk and materiality. The Company has 1 CGU at October 31, 2017 (October 31, 2016 – 1). Management uses judgement to assess the existence of contingencies. By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. Management also uses judgement to assess the likelihood of the occurrence of one or more future events.

1.5 Rounding and Percentages

Rounded numbers are used throughout the MD&A. All year-over-year percentage changes are calculated on whole dollar amounts except in the presentation of basic and diluted earnings per share ("EPS"), in which the year-over-year percentage changes are based on fractional amounts.

2.0 Corporate Overview and Reorganization

The Company is a privately-held, wholesale and retail, smoking accessories corporation. Specific principal activities of each of the entities within the Company are as follows: RGR is a high-quality and innovative designer, manufacturer and distributor of smoking accessories. Smoker's Corner is approved by the Canadian Franchise Association and is a Canadian counter-culture chain with 19 locations. Famous Brandz is a manufacturer of licenced lifestyle accessories, through celebrity endorsements and entertainment companies, which are sold to wholesalers and retailers around the world.

The address of the Company's registered office is 120 4954 Richmond Road SW, Calgary, Alberta T3E 6L1.

On February 28, 2018, RGR and Smoker's Corner and on April 30, 2018, Famous Brandz became wholly-owned subsidiaries of newly created High Tide following a Corporate Reorganization whereby the shareholders of RGR, Smoker's Corner and Famous Brandz transferred all of their ownership interests in exchange for fully-paid common shares of High Tide shares as follows:

- The shareholders of RGR received 6,128,301 (pre-share split: 2,220,400) Class A common shares of High Tide for their 100 Class A common shares and the holders of preferred shares received 45,128,840 (pre-

share split: 16,351,029) Class A common shares of High Tide for their 88,044 Class F preferred shares (redeemable at a value of \$100 each) on February 28, 2018;

- The shareholders of Smoker's Corner received 6,024,250 (pre-share split: 2,182,700) Class A common shares of High Tide for their 100 Class A common shares and the holders of preferred shares received 50,358,600 (pre-share split: 18,245,871) Class A common shares of High Tide for their 98,247 Class F preferred shares (redeemable at a value of \$100 each) on February 28, 2018; and
- The shareholders of Famous Brandz received 30,324,120 (pre-share split: 10,987,000) Class A common shares of High Tide for their 58,517,012 Class A common shares on April 30, 2018. In addition, as at April 30, 2018, Famous Brandz had 3,403,333 warrants issued and outstanding which were exchanged for 1,813,731 (pre-share split: 657,149) warrants of High Tide.

Canna Cabana was incorporated under the Business Corporations Act (Alberta) on February 22, 2018, and is a wholly-owned subsidiary of High Tide. Its primary business is intended to be the sale of recreational cannabis. On April 1, 2018, High Tide acquired 50.1% of the common shares of KushBar, which was incorporated under the Business Corporations Act (Alberta) on January 9, 2018, and was an inactive company at that time with assets and share capital of \$100. KushBar's primary business is intended to be the sale of recreational cannabis. On June 15th, 2018, High Tide acquired 100% of the common shares of Kush West, which was incorporated under the Business Corporations Act (Alberta) on January 8th, 2018, and was an inactive company at the time with assets and share capital of \$100. Kush West's primary business is intended to be the wholesale of recreational cannabis.

3.0 Competitive Landscape

The Company operates 9 retail locations under the Smoker's Corner brand across Alberta and British Columbia and is represented by 10 franchised locations operating across Alberta, British Columbia and Nova Scotia. Competitors in this segment are independent retailers without significant market concentration. Smoker's Corner has created a differentiated brand through its network of locations and customer service as well as the depth and breadth of its product offering, which is largely sourced through RGR.

The Wholesale segment's only major competitors operate as product distributors, while the Company designs, manufactures, imports and distributes its products. This creates advantages through vertical integration which include favorable product costs and the ability to leverage different price points and maintain strong margins. These strengths are passed-through to the Retail segment.

Canna Cabana and KushBar were established to sell recreational cannabis following the deregulation of cannabis for adult use across Canada on October 17, 2018. The regulation of the sale of adult-use recreational cannabis in retail environments will be the responsibility of the provinces and territories. The Cannabis Act prevents the sale of branded cannabis accessories in Canada. As a result, the Company will redirect the sale of its branded Famous Brandz products to international markets, the significant majority of which is already sold to customers outside of Canada.

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

In future years, the Company expects its Retail segment will experience increased competition from the deregulated recreational cannabis industry with an increasing number of third-party stores offering cannabis products along with smoking accessories. The Company believes that its product knowledge and operating advantages achieved through vertical integration will allow it to continue to operate profitably. In addition, the Company expects opportunities to arise from the deregulation of recreational cannabis for its Wholesale segment to acquire new customers, thereby offsetting some of the risks associated with increased competition affecting our Retail segment.

4.0 Operating Performance

4.1 Statement of Financial Position

At July 31, 2018, the Company had a working capital surplus of \$8,575,142 (2017 – deficit of \$9,897,428), which is mainly due to the redemption of preference shares in the amount of \$18,629,100 as part of the Corporate Reorganization. The Company generated a loss for the three-month period ending July 31, 2018, of \$615,095 (2017 – income of \$571,359). For the nine-month period ending July 31, 2018, the Company generated a loss of \$683,087 (2017 – income of \$571,727) and generated negative operating cash flows of \$1,525,099 during the same period (2017 - \$1,036,959).

4.2 Selected Financial Information

The following table provides a brief summary of the Company's financial operations for the three-month and nine-month periods ending July 31 of 2018 and 2017, respectively.

\$ millions (except where noted) (Unaudited)	Three months ended 2018	Three months ended 2017	Nine months ended 2018	Nine months ended 2017
Revenue	\$ 2.2	\$ 3.0	\$ 6.7	\$ 7.5
Gross Margin	\$ 1.2	\$ 1.8	\$ 3.6	\$ 3.5
Gross Margin Percentage	54.1%	58.2%	54.9%	47.3%
Total Expenses	\$ 1.8	\$ 1.0	\$ 4.3	\$ 2.8
Income Before Taxes	\$ (0.6)	\$ 0.8	\$ (0.7)	\$ 0.8
Income for the Period	\$ (0.6)	\$ 0.6	\$ (0.7)	\$ 0.5
Income Per Share (Basic)	\$ (0.00)	\$ 0.04	\$ (0.01)	\$ 0.05
Income Per Share (Diluted)	\$ (0.00)	\$ 0.04	\$ (0.01)	\$ 0.05

\$ millions (except where noted)	July 31st 2018 Unaudited	October 31st 2017 Audited
Total Assets	\$ 11.9	\$ 11.1
Total Non-Current Liabilities	\$ -	\$ -
Total Liabilities	\$ 2.6	\$ 20.4
Total Equity	\$ 9.4	\$ (9.3)

Total Expenses include Salaries, Wages and Benefits, General and Administrative Expenses, Professional Fees, Advertising and Promotional Expenses, Depreciation, Interest and Banking Charges and Other Income (Expense) (Derivative Liability Fair Value, Accretion Expenses, Disposition of Marketable Securities and Foreign Exchange loss(gain)). Total Expenses excludes Cost of Sales and Income Tax.

4.3 Combined Operations

For the three-month period ending July 31, 2018, Revenue decreased from the same period in the prior year by \$0.8 million or 28.6% primarily driven by a decline in the Company's Merchandize sales in its Wholesale segment as a large single sale in the prior year did not repeat. For the nine-month period ending July 31, 2018 Revenue decreased from the same period in the prior year by \$0.8 million or 11.3% due to the same large single sale in the three month period that did not repeat.

Gross Margin decreased by 33.6% or \$0.6 million or the three-month period ending July 31, 2018, compared to the same period during the prior year, due to the aforementioned decline in sales. For the nine-month period, Gross Margin increased by 3.0% or \$0.1 million due to favourable sales mix and pricing strategies.

Total Expenses increased by 80.4% or \$0.8 million for the three-month period ending July 31, 2018, compared to the same period during the prior year. The increase was due to an increase of 89.6% in Salaries, Wages and Benefits costs at the Company in response to increased market opportunities from the upcoming deregulation of adult use cannabis across Canada, as well as \$542,833 in incremental Professional Fees incurred to produce audited financial

statements, raise proceeds from the special warrant offering and in preparation for becoming a publicly-listed issuer. For the nine-month period ending July 31, 2018, Total Expenses increased by 55.0% or \$1.5 million due to the same factors as for the three-month period.

The Company incurred a loss of \$0.6 million for the three-month period ended July 31st, 2018, due to the increase in expenses compared to income of \$0.6 million in 2017. The Loss for the nine-month period ending July 31, 2018, was \$0.7 million for the same reasons as for the three-month period.

Loss Per Share for the three-month period ending July 31, 2018, was \$(0.00) compared to income of \$0.04 for the same period in 2017, due to the factors noted above as well as an increase in shares outstanding driven by share issuance and a share split. Loss Per Share for the nine-month period was \$(0.01) in 2018, compared to income of \$0.05 for the same period in 2017, for the same reasons as the three-month period.

4.4 Segment Operations for the Nine Months Ended July 31

\$ millions	Wholesale		Retail		Corporate	Total	
	2018	2017	2018	2017	2018	2018	2017
Revenue	3.8	4.6	2.9	2.9	-	6.7	7.5
Gross Margin	1.5	1.7	2.1	1.9	-	3.6	3.5
Rate	40.3%	37.0%	74.0%	63.2%	-	54.9%	47.3%
Total Expenses	2.1	1.6	1.8	1.2	0.5	4.3	2.8
(Loss)/Income	(0.5)	0.1	0.3	0.5	(0.5)	(0.7)	0.6

Total Expenses include Salaries, Wages and Benefits, General and Administrative Expenses, Professional Fees, Advertising and Promotional Expenses, Depreciation, Interest and Banking Charges and Other Income (Expense) (Derivative Liability Fair Value, Accretion Expenses, Disposition of Marketable Securities and Foreign Exchange loss(gain)). Total Expenses excludes Cost of Sales and Income Tax.

4.4.1 Wholesale Segment Performance

The Company's Wholesale segment revenues declined by \$0.8 million or 17.3% due to a single sale in the prior year that did not repeat. Gross margin declined by \$0.2 million or 10.0% due to the drop in the sales volume, while gross margin rate improved by 326 basis points ("bps") due to favourable sales mix comprised of higher margin products. Expenses increased by \$0.5 million or 32.0% as the business has increased its staff to invest in product design and incurred additional marketing expenses and trade show costs to build its customer base.

The decline in sales and increase in costs lead to a loss in the Wholesale segment of \$0.5 million.

4.4.2 Retail Segment Performance

The Company's Retail segment demonstrated consistent performance between 2018 and 2017, in line with management's expectations. Revenue was comparable while gross margin increased by \$0.2 million or 14.7% driven by a rate increase of 1077 bps as the Company improved its price points. Expenses increased by \$0.6 million or 46.3% as the company incurred expansion costs to establish the Canna Cabana brand and business, which is expected to start generating sales in late October 2018.

The Retail segment achieved an income of \$0.3 million down \$0.5 million or 46.9% due to the increase in expenses.

4.4.3 Geographical Segments

The following presents information relating to Company's geographical segments:

For the nine months ended July 31,

	Canada	Canada	USA	USA	Total	Total
	2018 (\$)	2017 (\$)	2018 (\$)	2017 (\$)	2018 (\$)	2017 (\$)
Revenue (net of discount)	5,793,940	6,362,500	857,292	1,134,548	6,651,232	7,497,048
As at						
	Canada	Canada	USA	USA	Total	Total
	July 31, 2018 (\$)	October 31, 2017 (\$)	July 31, 2018 (\$)	October 31, 2017 (\$)	July 31, 2018 (\$)	October 31, 2017 (\$)
Non-current assets:						
- Property, plant and equipment	134,352	101,251	-	-	134,352	101,251
Total assets	11,535,875	10,481,507	382,121	631,497	11,917,996	11,113,004

4.5 Summary of Quarterly Results

(\$ in millions, except per share amounts)	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016
Revenue	2.2	1.7	2.7	2.5	3.0	2.1	2.4	1.8
Net income	(0.6)	(0.4)	0.3	0.1	0.6	0.1	(0.1)	0.1
Basic EPS	(0.00)	(0.00)	0.02	0.01	0.04	0.01	(0.02)	0.14
Diluted EPS	(0.00)	(0.00)	0.02	0.01	0.04	0.01	(0.02)	0.14

Aside from the annual increase in consumer spending leading up to the winter holiday season, which occurs in Q1 for the Group, seasonality is not a significant factor in the Group's sales performance. Underlying retail sales have performance consistently with growth and fluctuations being driven by Wholesale, primarily Famous Brandz. Famous Brandz realized its first full year of operations in 2017, helping to increased revenue across the year however a single large sale of \$0.7M was made in the fourth quarter that did not repeat in 2018. Expenses have been similarly consistent at between \$0.8 million and \$0.9 million a quarter until second quarter 2018 when the business began to expand with Canna Cabana and High Tide. Additional personnel was hired to start these businesses and professional fees were incurred for legal and audit support.

5.0 Balance Sheet

There are no financial arrangements that are excluded from the unaudited condensed consolidated interim financial statements as at July 31, 2018, or remain outstanding as of the date of approval of the unaudited condensed consolidated interim financial statements and MD&A.

6.0 Capital Commitments and Management

6.1 Commitments

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

As at July 31	2018
Less than one year	\$ 676,376
Between one and five years	714,140
More than five years	181,547
	\$ 1,572,063

The Company generates sufficient cash flow from operations to meet these commitments.

6.2 Capital Management

The Company's objectives when managing capital are to:

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

The Company's strategy is formulated to maintain a flexible capital structure consistent with the objectives as stated above and to respond to changes in economic conditions and the risk characteristics of the underlying assets. The Board of Directors does not establish quantitative return on capital criteria for management, but rather promotes year-over-year sustainable profitable growth. The Company is not subject to any externally imposed capital requirements or covenants. The Company's capital structure consists of equity and working capital. In order to maintain or alter the capital structure, the Company may adjust capital spending, raise new debt and issue share capital. The Company expects that accumulated retained earnings and funds generated from operations and working capital amounts will provide sufficient capital resources and liquidity to fund existing operations in the remainder of 2018 and 2019.

7.0 Share Capital

Authorized:

The Company is authorized to issue an unlimited number of Class A, Class B and Class C common shares. The holders of these common shares are entitled to:

- vote at all meetings of shareholders except meetings at which only holders of a specified class of shares are entitled to vote;
- receive dividends in the discretion of the directors exclusive of other classes of shares of the Company; and
- receive the remaining property of the Company under dissolution equally.

Issued:

Common shares

	Number of Class A common shares	Amount
Balance, October 31, 2017 (Note 2)	18,400,200	\$ 786,636
Issued on incorporation (i)	2,760,000	20,000
Eliminated upon reorganization (Note 2)	(18,400,200)	(786,636)
Issued to acquire 100 Class A common shares of RGR (ii)	6,128,301	1,195,600
Issued to acquire 88,044 Class F preferred shares of RGR (ii)	45,128,840	8,804,400
Issued to acquire 100 Class A common shares of Smoker's Corner (iii)	6,024,250	1,175,300
Issued to acquire 98,247 Class F preferred shares of Smoker's Corner (iii)	50,358,600	9,824,700
Issued to acquire 58,517,012 Class A common shares of Famous Brandz (iv)	30,324,120	10,987,000

Issued for cash on private placement (v)	10,225,800	3,705,000
Share issue cost – broker warrants (v)	-	(157,547)
Share issue cost – cash (v)	-	(263,000)
Balance, July 31, 2018	150,949,911	\$ 35,291,453

- (i) Upon incorporation of High Tide on February 8, 2018, 2,760,000 (pre-share split: 1,000,000) Class A common shares at a price of \$0.0073 per share (pre-share split: \$0.02 per share) totalling \$20,000 were issued.
- (ii) On February 28, 2018, the Company issued 6,128,301 (pre-share split: 2,220,400) Class A common shares at a price of \$0.1949 per share (pre-share split: \$0.538 per share) totalling \$1,195,600 to acquire 100 Class A common shares of RGR from its shareholders and issued 45,128,840 (pre-share split: 16,351,029) Class A common shares at a price of \$0.1949 per share (pre-share split: \$0.538 per share) totalling \$8,804,400 to acquire 88,044 preferred shares of RGR from its holders. These preferred shares have been eliminated upon consolidation.
- (iii) On February 28, 2018, the Company issued 6,024,250 (pre-share split: 2,182,700) Class A common shares at a price of \$0.1949 per share (pre-share split: \$0.538 per share) totalling \$1,175,300 to acquire 100 Class A common shares of Smoker's Corner from its shareholders and issued 50,358,600 (pre-share split: 18,245,871) Class A common shares at a price of \$0.1949 per share (pre-share split: \$0.538 per share) totalling \$9,824,700 to acquire 98,247 preferred shares of Smoker's Corner from its holders. These preferred shares have been eliminated upon consolidation.
- (iv) On April 30, 2018, the Company issued 30,324,120 (pre-share split: 10,987,000) Class A common shares at a price of \$0.3623 per share (pre-share split: \$1.00 per share) totalling \$10,987,000 to acquire 58,517,012 Class A common shares of Famous Brandz from its shareholders.
- (v) On May 2, 2018, the Company closed a brokered private placement offering for 10,225,800 (pre-share split: 3,705,000) common shares at \$0.3623 per share (pre-share split: \$1.00 per share). The brokers' fees consist of cash payment of \$263,000 and 670,680 (pre-share split: 243,000) broker warrants, which are exercisable at \$0.3623 each (pre-share split: \$1.00 each). These warrants were valued at \$157,547 using Black Scholes option pricing model using the following assumptions:
- Rate free interest rate: 1.77%
 - Expected volatility: 130%
 - Expected life in years: 2
 - Expected dividends: Nil
- (vi) As the price of the Class A common shares of the Company that were exchanged to acquire Class A common shares of RGR, Smoker's Corner and Famous Brandz were higher, the Company has recorded the extra value paid against the accumulated losses amounting to \$11,069,561.
- (vii) Subsequent to the period end, on August 24, 2018, the shareholders approved by special resolution a stock split of the common shares of the Company at a ratio to be set by the Company's Board of Directors, provided that not more than 5 and not less than 1 post-split shares would be issued for each pre-split share. By resolution made effective September 18, 2018, the Company's Board of Directors authorized a share split of the unissued, and issued and outstanding common shares of the Company such that 1 pre-split share would be converted to 2.76 post-split shares (1:2.76). The Articles of Amendment effecting the share-split was filed with the Registrar of Corporations (Alberta) on October 4, 2018. The share split has been reflected in these unaudited condensed consolidated interim financial statements for the historical periods on a retroactive basis.

8.0 Financial Instruments and Risk Management

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

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

8.1 Fair value

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

The Company's financial instruments consist of cash and cash equivalent to accounts receivable, loans receivable, accounts payable and accrued liabilities, and long-term loans. The carrying amounts of current assets and liabilities approximate their fair value due to their short period to maturity.

Loans receivable are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The fair values of notes receivable are not materially different to their carrying amounts, since the interest receivable on those notes is either close to current market rates or the notes are of a short-term nature. If collection of the amounts is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

For all borrowings, the fair values are not materially different to their carrying amounts, since the interest payable on those borrowings is close to current market rates.

8.2 Credit risk

Credit risk arises when one party to a financial instrument will cause a financial loss for the other party by failing to discharge its obligation. Financial instruments that subject the Company to credit risk consist primarily of cash, accounts receivable and marketable securities. The credit risk relating to cash and cash equivalents and marketable securities balances is limited because the counterparties are large commercial banks in Canada and the United States. The amounts reported for accounts receivable in the statement of financial position is net of allowances for doubtful accounts and bad debts and the net carrying value represents the Company's maximum exposure to credit risk. Accounts receivable (trade) credit exposure is minimized by entering into transactions with creditworthy counterparties and monitoring the age and balances outstanding on an ongoing basis. Payment terms with customers are at the point of sales or within 30 days from invoice date for corporate customers. Sales to retail customers are required to be settled in cash or using major credit cards, mitigating credit risk.

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

As at	July 31, 2018
Current (for less than 30 days)	\$ 585,612
31 – 60 days past due	235,463
61 – 90 days past due	136,111
Past due for greater than 90 days	1,706,691
Allowance for doubtful accounts	(115,867)
	<u>\$ 2,548,010</u>

During the three and nine months ended July 31, 2018, \$Nil and \$Nil respectively (three and nine months ended July 31, 2017 - \$9,400 and \$17,000 respectively) in trade receivables were written off due 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 assessed collectively to determine whether there is objective evidence that an impairment has been incurred but not yet been identified.

For these receivables, the estimated impairment losses are recognised in a separate provision for impairment. The Company considers that there is evidence of impairment if any of the following indicators are present: significant financial difficulties of the customer; probability that the customer will enter bankruptcy or financial reorganization; and default or delinquency in payments (more than 90 days overdue).

Receivables for which an impairment provision was recognised are written off against the provision when there is no expectation of recovering additional cash. Impairment losses are recognised in profit or loss within general and administrative expenses. Subsequent recoveries of amounts previously written off are credited against general and administrative expenses. Movements in the provision for impairment of trade receivables that are assessed for impairment collectively are as follows:

	July 31, 2018
Balance at November 1	\$ 108,831
Provision for impairment recognised during the year	7,036
Receivables written off during the year as uncollectible	-
Balance at July 31, 2018	\$ 115,867

The Company performs a regular assessment of collectability of accounts receivables. Specifically, for accounts receivable that are greater than 90 days, majority of this balance is comprised of accounts with Franchisees (\$1,205,789 or 71% out of balance of \$1,706,691 that is over 90 days). The Company monitors the financial performance and/or cash flows of its Franchisees through observation of their point of sale system, receipt of cash from customers and maintains regular contact/discussions. The Company is not aware of any financial difficulties or probability of bankruptcy with its Franchisees and the Company continues receiving ongoing payments from the Franchisees to settle their accounts receivable balances. Subsequent to the period, the Company has been receiving payments in relation to its greater than 90-day accounts receivable. Further, the Company holds security over its Franchisees by way of holding the head lease to their operations and having the right to assume control of the Franchisee location and any operations governed by the applicable Franchise Agreement. In consideration of the known financial health of the Franchisees, continued payment on accounts and security held on these businesses High Tide has not assessed these accounts to be at risk.

8.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company generally relies on funds generated from operations and related parties to provide sufficient liquidity to meet budgeted operating requirements and to supply capital to increase the development of its technology services. The Company has sufficient working capital to meet obligations as they come due.

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

July 31, 2018	Contractual cash flows	Less than one year	1 - 5 years	Greater than 5 years
Accounts payable and accrued liabilities	\$ 1,691,910	\$ 1,691,910	\$ -	\$ -
Income taxes payable	843,309	843,309	-	-
Long-term loans	31,485	31,485	-	-
Total	\$ 2,566,704	\$ 2,566,704	\$ -	\$ -

8.4 Interest rate risk

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

8.5 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, principally in United States dollars, which exposes the Company to fluctuating balances and cash flows due to variations in foreign exchange rates.

The Canadian dollar equivalent carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities as at July 31, 2018, were as follows:

<i>(Canadian dollar equivalent amounts of US dollar balances)</i>	July 31, 2018
Cash	\$ 70,188
Accounts receivable	1,179,414
Accounts payable and accrued liabilities	(506,385)
	<u>\$ 743,217</u>

Assuming all other variables remain constant, a fluctuation of +/- 5.0 percent in the exchange rate between the American dollar and the Canadian dollar would impact income before tax by approximately \$37,000. To date, the Company has not entered into financial derivative contracts to manage exposure to fluctuations in foreign exchange rates.

9.0 Related Party Transactions

9.1 Operational transaction

RGR acts as the procurement entity for the Company and sells inventory to the Company for external sale. The transactions between RGR, Smoker's Corner and Famous Brandz have been eliminated upon consolidation and combination.

9.2 Executive compensation

The Company defines key management personnel as being the Chief Executive Officer (who is also the major shareholder and director), Chief Operating Officer, Chief Financial Officer, Chief Revenue Officer and Chief Strategy Officer. The Company has not provided non-cash benefits to the key management.

Key management compensation were as follows:

	Three months ended July 31		Nine months ended July 31	
	2018	2017	2018	2017
Salaries and other short-term employee benefits	\$ 145,489	\$ 77,500	\$ 414,294	\$ 232,500

None of the other directors were paid any fees or other emoluments during the three and nine months ended July 31, 2018 and 2017.

10.0 Contingent Liability

An action with the Court of Queen's Bench (Alberta) (the "QB Claim") and a complaint with the Human Rights Tribunal (Alberta) (the "HR Complaint") was filed by a former employee. The amount claimed by the former employee is approximately \$200,000 plus interest and other costs. Based on advice from the legal counsel, management believes that, in an adverse scenario, the amount is not expected to be material. Accordingly, no provision for the liability has been recognized in these unaudited condensed consolidated interim financial statements.

11.0 Subsequent Events

11.1 Construction Contracts

Subsequent to the period, Canna Cabana entered into contracts totalling \$5.9 million with three building contractors in Calgary and Edmonton for the construction of 24 retail outlets. Additional contracts for security services have been signed with a Calgary based security services company.

11.2 Private Placement

On October 2, 2018, the Company closed a brokered private placement (entered into on June 21, 2018) issuing 13,307,418 special warrants for gross proceeds of \$18.4 million. The Company received net proceeds of \$17.0 million after deduction of commissions and brokerage fees issued in two tranches of \$8.2 million on August 22, 2018, and \$5.7 million on October 2, 2018. The balance of funds are held in trust by Garfinkle Biderman LLP. Each special warrant will consist of one common share and one-half common share purchase warrant exercisable at a purchase price of \$2.07 per warrant for a period of 24 months from the date of listing on the Canadian Securities Exchange.

Subsequent to the period end, the Company initiated a process to become a listed entity on the Canadian Securities Exchange ("CSE"). The company is pursuing a listing to enable easier access to capital markets should additional capital be required to fund future growth plans as well as to create liquidity for existing shareholders.

11.3 Canna Cabana Licensing

The Company, through Canna Cabana and KushBar, submitted applications for 32 retail cannabis licences in Alberta. An additional licence application under Canna Cabana was submitted by a franchisee. On August 16, 2018, Canna Cabana was granted an interim conditional licence by Alberta Gaming and Liquor Commission (AGLC) for the sale of cannabis in Alberta. Further, as of the date of these unaudited condensed consolidated interim financial statements Canna Cabana has received 19 development permits for municipal operations. The Company, through Kush West has submitted an application for a wholesale cannabis permit in the province of Saskatchewan.

11.4 New Office and Warehouse

A new office and warehouse unit ("unit") is currently being developed by Grover Properties Inc., a related party under the control of a shareholder. This unit will be leased to High Tide to accommodate the Company's planned operational expansion. High Tide will be responsible for the related leasehold improvements, which are currently estimated at \$1.2 million. An assessment for fair market lease rates is currently being performed to establish an appropriate rental amount between the related parties. To facilitate the mortgage for the development of this unit, a loan guarantee of up to \$1.5 million has been provided by Smoker's Corner and the mortgage is yet to be finalized. The unit is expected to be completed and ready for occupancy on or around December 31, 2018.

11.5 New Contracts

On August 16, 2018, High Tide announced that it entered into a distribution agreement for its "Famous X" line of lifestyle accessories with Evergreen, a division of Summit Distribution, LLC ("Evergreen"). The range of products being distributed under the agreement were developed by the Company's Famous Brandz entity and include but are not limited to bubblers, dugouts, grinders, hand pipes, rolling trays and water pipes. Effective immediately, shipments of the "Famous X" product line, featuring familiar brands of Cheech & Chong's Up in Smoke and the Trailer Park Boys, will start being delivered to Evergreen's regional distribution centres across the United States.

On September 14, 2018, Famous Brandz announced that it entered into a Master Accessories Supply Agreement ("MASA") with the Ontario Cannabis Store ("OCS"). The MASA formalizes the supply of a variety of the Company's hand-blown glass smoking accessories from its "Famous X" line of convenient and cost-effective products, over a two-year initial term with two-year renewal options held by the OCS. This MASA serving the province of Ontario, which is Canada's largest consumer market, validates Famous Brandz as a leading player in the cannabis accessories market.

On September 18, 2018, High Tide's wholly-owned subsidiary, Famous Brandz ("Famous Brandz") entered into a licensing agreement for certain merchandising rights to Guns N' Roses with Bravado Canada, A Division of Universal Music Canada Inc. (the "License"). In exchange for royalties payable to the licensor, the License authorizes Famous Brandz to sell Guns N' Roses branded goods including bubblers, dugouts, grinders, hand pipes, rolling papers, trays, vaporizers, waterpipes and other smoking accessories. The License has a three-year term and features an unlimited global territory, with all products permitted to be sold via mass retail, specialty stores, independent retailers and e-commerce websites.

11.6 Shareholder and Director Resolutions

On August 24, 2018, High Tide held a special meeting of shareholders to appoint the new members of the Board of Directors consisting of Arthur Kwan, Nader Ben Aissa, Paul Rosen and David Shekhter. On August 27, 2018, David Shekhter resigned due to a conflict of interest. On October 16, 2018, Nitin Kaushal was appointed to the Board of Directors. The Board of Directors is currently comprised of Raj Grover, Arthur Kwan, Nader Ben Aissa, Paul Rosen and Nitin Kaushal.

The shareholders also passed resolutions to change the name of the Company from High Tide Ventures Inc. to High Tide Inc., which occurred on October 4, 2018.

On September 18th, 2018, our Board of Directors authorized a stock split of both our authorized, and issued and outstanding shares of common stock of High Tide at a ratio of 2.76 for 1 common share (the "Stock Split"). The corporate action regarding the Stock Split with the Alberta Security Commission (ASC) was filed on October 4th, 2018.

11.7 Business Acquisition

On October 17, 2018, the Company acquired 100% of Smiley's Cannabis and Bud's in Okotoks, Alberta. The acquisition provides the Company with an additional retail location and development permit to operating a recreational Cannabis store

12.0 ADDITIONAL INFORMATION

Additional information pertaining to the Company is available at www.hightideinc.ca.

SCHEDULE “E” – AUDIT COMMITTEE CHARTER

AUDIT COMMITTEE CHARTER

Purpose of the Audit Committee

The purpose of the Audit Committee (the “**Committee**”) of the Board of Directors (the “**Board**”) of High Tide Ventures Inc. (the “**Company**”) is to assist the Board in fulfilling its responsibilities for the oversight of the financial reporting process. The purpose of this Charter is to ensure that the Company maintains a strong, effective and independent audit committee, to enhance the quality of financial disclosure made by the Company and to foster increased investor confidence in both the Company and Canada’s capital markets. It is the intention of the Board that through the involvement of the Committee, the external audit will be conducted independently of the Company’s Management to ensure that the independent auditors serve the interests of shareholders rather than the interests of Management of the Company. The Committee will act as a liaison to provide better communication between the Board and the external auditors. The Committee will review financial reports or other financial information provided by the Company to regulatory authorities and shareholders and review the integrity, adequacy and timeliness of the financial reporting and disclosure practices of the Company. The Committee will monitor the independence and performance of the Company’s independent auditors.

Composition and Procedures of the Audit Committee

The Committee shall consist of at least three (3) directors. Members of the Committee shall be appointed by the Board and may be removed by the Board in its discretion. While the Board may recommend a Chairman for the Committee, the Committee shall have the discretion to appoint the Chairman from amongst its members. The Committee shall establish procedures for quorum, notice and timing of meetings subject to the proviso that a quorum shall be no less than two (2) Committee members. Meetings shall be held no less regularly than once per quarter to review the audited financial statements and interim financial statements of the Company. At least a majority of the Committee shall be independent. At least one (1) member of the Committee shall have accounting or related financial management expertise. All members of the Committee that are not financially literate will work towards becoming financially literate to obtain a working familiarity with basic finance and accounting practices applicable to the Company. For the purposes of this Charter, an individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company’s financial statements.

Specific duties and responsibilities of the Audit Committee

- (1) The Committee shall recommend to the Board:
 - (a) the external auditors to be nominated for the purpose of preparing or issuing an auditors’ report or performing other audit, review or attest services for the Company; and
 - (b) the compensation of the external auditors.
- (2) The Committee shall be directly responsible for overseeing the work of the external auditors engaged for the purpose of preparing or issuing an auditors’ report or performing other audit, review or attest services for the Company, including the resolution or disagreements between Management and the external auditors regarding financial reporting.
- (3) The Committee shall pre-approve all non-audit services to be provided to the Company or its subsidiary entities by the Company’s external auditors.
- (4) The Committee satisfies the pre-approval requirement in subsection (3) if:
 - (a) the aggregate amount of all the non-audit services that were not pre-approved is reasonably expected to constitute no more than five per cent of the total amount of fees paid by the Company and its subsidiary entities to the Company’s external

- auditors during the fiscal year in which the services are provided;
 - (b) the Company or the subsidiary entity of the Company, as the case may be, did not recognize the services as non-audit services at the time of the engagement; and
 - (c) the services are promptly brought to the attention of the Committee and approved, prior to the completion of the audit, by the Committee or by one or more of its members to whom authority to grant such approvals has been delegated by the Committee.
- (5)
 - (a) The Committee may delegate to one or more independent members the authority to pre-approve non-audit services in satisfaction of the requirement by the Committee.
 - (c) The pre-approval of non-audit services by any member to whom authority has been delegated pursuant to subsection (5)(a) must be presented to the Committee at its first scheduled meeting following such pre-approval.
- (6) The Committee satisfies the pre-approval requirement in subsection (3) if it adopts specific policies and procedures for the engagement of the non-audit services, if:
 - (a) the pre-approval policies and procedures are detailed as to the particular service;
 - (b) the Committee is informed of each non-audit service; and
 - (c) the procedures do not include delegation of the Committee's responsibilities to Management.
- (7) The Committee shall review the Company's financial statements, MD&A and annual and interim earnings press releases before the Company publicly discloses this information.
- (8) The Committee must be satisfied that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements, other than the public disclosure referred to in subsection (7), and must periodically assess the adequacy of those procedures.
- (9) The Committee must establish procedures for:
 - (a) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and
 - (b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
- (10) The Committee must review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Company.
- (11) The Committee shall have the authority:
 - (a) to engage independent counsel and other advisors as it determines necessary to carry out its duties;
 - (b) to set and pay the compensation for any advisors employed by the Committee; and
 - (c) to communicate directly with the internal and external auditors.
- (12) The Committee shall review with Management and independent auditors the quality and the appropriateness of the Company's financial reporting and accounting policies, standards and principles and significant changes in such standards or principles or in their application, including key accounting decisions affecting the financial statements, alternatives thereto and the rationale for decisions made.
- (13) The Committee shall review the clarity of the financial statement presentation with a view to ensuring that the financial statements provide meaningful and readily understandable information to shareholders and the investing public.

- (14) The Committee shall monitor the independence of the independent auditors and establish procedures for confirming annually the independence of the independent auditors and any relationships that may impact upon the objectivity and the independence of the external auditors.
- (15) The Committee shall review with Management and the external auditors the audit plan for the year-end financial statements prior to the commencement of the year-end audit.
- (16) The Committee shall review the appointments of the Company's Chief Financial Officer and any other key financial executives involved in the financial reporting process.
- (17) The Committee shall review with Management and the external auditors significant related party transactions and potential conflicts of interest.
- (18) The Committee shall review in consultation with the external auditors and Management the integrity of the Company's financial reporting process and internal controls.

SCHEDULE “F” – COMPENSATION COMMITTEE CHARTER

COMPENSATION COMMITTEE CHARTER

HIGH TIDE INC.

Purpose.

1. The Compensation Committee (the “**Committee**”) is a standing committee of the Board of Directors (the “**Board**”) of High Tide Inc. (the “**Company**”). Its purpose is to carry out the responsibilities delegated by the Board relating to the review and determination of executive compensation of the Company.

Membership.

2. The Committee shall consist of three or more directors.
3. The Board shall appoint members of the Committee. The members of the Committee shall be appointed for one-year terms or such other terms as the Board may determine and shall serve until a successor is duly appointed by the Board or until the member's earlier death, resignation, disqualification or removal. The Board may remove any member from the Committee at any time with or without cause. The Board shall fill Committee member vacancies by appointing a member from the Board. If a vacancy on the Committee exists, the remaining members shall exercise all of the Committee's powers so long as a quorum exists.
4. A quorum for decisions of the Committee shall be a majority of Committee members.
5. The Board shall appoint a chair of the Committee (the “Chair”) from the Committee members. Subject to Section 3, the Board shall determine the Chair's term of office.

Duties and Responsibilities.

The Committee shall have the following duties and responsibilities:

6. Review and approve annually the corporate goals and objectives applicable to the compensation of the chief executive officer (the “**CEO**”); evaluate at least annually the CEO's performance in light of those goals and objectives; and determine and make recommendations to the Board with respect to the CEO's compensation level. In determining the long-term incentive component of the CEO's compensation, the Committee may consider the Company's performance, shareholder returns, the value of similar incentive awards given to CEOs at comparable companies and the awards given to the Company's CEO in past years.
7. Make recommendations to the Board regarding the compensation of all other executive officers and the directors.

8. Review, and make recommendations to the Board regarding incentive compensation plans and equity-based plans, and where appropriate or required, recommend for approval by the shareholders of the Company.
9. Review and discuss with management the Company's executive compensation disclosure to be included in the Company's management information circular and any other disclosure with respect to executive compensation to be included in any other public disclosure documents of the Company.
10. Review, and make recommendations to the Board regarding any employment agreements and any severance arrangements or plans, including any benefits to be provided in connection with a change in control, for the CEO and other executive officers.
11. Report to the Board on the activities of the Committee, including any decisions and action taken by the Committee.
12. Perform any other activities as are consistent with this Charter, the Company's by-laws, applicable legislation, guidelines and practices as the Committee or the Board deems necessary or appropriate for the fulfilment of the Committee's duties and responsibilities.

Outside Advisors.

13. The Committee shall have the authority, in its sole discretion, to select, retain and obtain the advice of a compensation consultant as necessary to assist with the execution of its duties and responsibilities as set forth in this Charter. The Committee shall set the compensation, and oversee the work, of the compensation consultant.
14. The Committee shall have the authority, in its sole discretion, to retain and obtain the advice and assistance of outside legal counsel and such other advisors as it deems necessary to fulfill its duties and responsibilities under this Charter. The Committee shall set the compensation, and oversee the work, of its outside legal counsel and other advisors.
15. The Committee shall receive appropriate funding from the Company, as determined by the Committee in its capacity as a committee of the Board, for the payment of compensation to its compensation consultants, outside legal counsel and any other advisors.
16. The Committee may retain, or receive advice from, any compensation advisor that it may prefer, including ones that are not independent, after considering the specified factors. The Committee is not required to assess the independence of any compensation consultant or other advisor that acts in a role limited to consulting on any broad-based plan that does not discriminate in scope, terms or operation in favour of executive officers or directors and that is generally available to all salaried employees or providing information that is not customized for a particular company or that is customized based on parameters that are not developed by the consultant or advisor, and about which the consultant or advisor does not provide advice.

17. The Committee shall evaluate whether any compensation consultant retained or to be retained by it has any conflict of interest.

Structure and Operations.

18. The Committee shall meet at least four times a year at such times and places as it deems necessary to fulfill its responsibilities. The Committee shall report regularly to the Board regarding its actions and make recommendations to the Board as appropriate. The Committee is governed by the same rules regarding meetings (including meetings in person or by telephone or other similar communications equipment), resolutions in writing in lieu of a meeting, notice, waiver of notice and voting requirements as are applicable to the Board.
19. A meeting of the Committee may be convened by the Board or any member of the Committee who requests a meeting. Notice of every meeting shall be given to each member of the Committee.
20. The Committee may invite such directors, officers and employees of the Company to its meetings as it deems appropriate to assist the Committee with the fulfillment of its duties and responsibilities. However, the Committee shall meet regularly without such members present, and in all cases the CEO and any other such officers shall not be present at meetings at which their compensation or performance is discussed or determined.
21. At each meeting, the Committee may appoint an individual to act as secretary for the meeting (the “**Secretary**”). The Secretary shall circulate the minutes of meetings of the Committee to members of the Committee.
22. The Committee shall approve and retain minutes of all Committee meetings. The powers of the Committee may be exercised by written resolution signed by all of the members of the Committee.
23. The Committee shall review this Charter at least annually and recommend any proposed changes to the Board for approval.

Delegation of Authority.

24. The Committee shall have the authority to delegate any of its responsibilities, along with the authority to take action in relation to such responsibilities, to one or more subcommittees as the Committee may deem appropriate in its sole discretion.

Performance Evaluation.

25. The Committee shall conduct an annual evaluation of the performance of its duties under this Charter and shall present the results of the evaluation to the Board. The Committee shall conduct this evaluation in such manner as it deems appropriate.

No Rights Created.

26. This Charter is a broad policy statement and is intended to be part of the Committee's flexible governance framework. While the Charter should comply with all applicable laws,

regulations and listing requirements and the Company's articles and by-laws, this Charter does not create any legally binding obligations on the Committee, the Board or the Company.

**SCHEDULE “G” – NOMINATING AND CORPORATE GOVERNANCE COMMITTEE
CHARTER**

NOMINATING AND CORPORATE GOVERNANCE COMMITTEE CHARTER

Organization

There shall be a committee of the board of directors (the “**Board**”) of High Tide Ventures Inc. (“**High Tide**”) known as the Nominating and Corporate Governance Committee (the “**Committee**”) This charter shall govern the operations of the Committee.

Membership and Qualifications

The membership of the Committee shall be appointed by the Board and shall consist of at least two directors.

Each member of the Committee shall be, while at all times a member of the Committee, free of any relationship that, in the opinion of the Board, would interfere with the member's individual exercise of independent judgment and shall otherwise meet the independence requirements for serving on nominating and corporate governance committees.

The Board shall appoint one member of the Committee as chair. The chair shall be responsible for leadership of the Committee, including preparing the agenda, presiding over the meetings, making committee assignments, preparing minutes and reporting to the Board. The chair shall also maintain regular liaison with High Tide's Chief Executive Officer.

Purpose

The primary purpose of the Committee is to:

- identify individuals qualified to become Board members;
- recommend director nominees for each annual meeting of High Tide's shareholders and director nominees to fill any vacancies that may occur between meetings of shareholders;
- be aware of the best practices in corporate governance and develop and recommend to the Board a set of corporate governance standards to govern the Board, its committees, the company and its employees in the conduct of the business and affairs of the company; and
- develop and oversee the annual Board and Board Committee evaluation process.

Authority

The Committee has the power and authority to engage and determine funding for outside counsel or other experts or advisors as the Committee deems necessary or appropriate to carry out its duties and responsibilities. High Tide shall provide appropriate funding, as determined by the Committee, for any advisors employed by the Committee as well as for the payment of ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

Duties and Responsibilities

The Committee shall have the power and authority of the Board to perform the following duties and to fulfill the following responsibilities:

- make recommendations to the Board regarding the size and composition of the Board,
- consider and recruit candidates for director nominees based upon recommendations from current outside directors, members of management, outside consultants or search firms. and/or shareholders using the following approach:the criteria for selecting new directors shall reflect the requirements of the listing standards of the Canadian Securities Exchange (or such other exchange or self-regulatory organization on which High Tide's shares are then listed for trading) with respect to independence and the following factors; (i) the appropriate size of High Tide's board; (ii) the needs of High Tide with respect to the particular talents and experience of its directors; (iii) personal and professional integrity of the candidate; (iv) level of education and/or business experience; (v) broad-based business acumen; (vi) the level of understanding of High Tide's business and the industry in which it operates and other industries relevant to High Tide's business (vii) ability and willingness to commit adequate time to Board and committee matters; (viii) the fit of the individual's skills and personality with those of other directors and potential directors in building a board that is effective, collegial and responsive to the needs of High Tide; (ix) strategic thinking and a willingness to share ideas, and (x) diversity of experiences, expertise and background. The committee will use these criteria to evaluate potential nominees and will not evaluate proposed nominees differently depending upon who has made the recommendation;
- the Committee will consider proposed nominees whose names are submitted to it by shareholders in accordance with the procedures set forth in High Tide's bylaws,
- recommend on an annual basis a slate of director nominees for approval by the Board of Directors and the shareholders;
- review the appropriate committee structure of the Board and recommend to the Board for its approval directors to serve as members of each committee. The Committee shall review and recommend committee slates annually and shall recommend additional committee members to fill vacancies as needed;
- review at least annually, High Tide's corporate governance standards and recommend changes to the Board as deemed necessary;
- generally advise the Board on emerging corporate governance matters for incorporation into High Tide's policies and procedures;
- develop, implement and administer an annual Board and Board Committee evaluation process;
- perform any other activities consistent with this Charter, High Tide's Articles and governing law as the Committee or the Board deem appropriate;
- undergo an annual review of the performance of the Committee pursuant to the process established as set forth above;
- where appropriate, retain (without need for further Board approval) and consult with such independent advisors as the Committee may deem necessary or appropriate in connection with fulfilling the responsibilities and duties of the Committee;
- meet as often as its members deem necessary to perform the Committee's duties and responsibilities;
- report regularly to the Board with regard to action taken by the Committee and any issues that may arise in the course of the discharge by the Committee of its responsibilities and duties hereunder;

- prepare and submit the minutes of all meetings of the Committee and discuss the matters discussed at each committee meeting with the Board; and
- review and assess the adequacy of this charter annually and recommend any proposed changes to the Board for its approval.

Delegation to Subcommittees

The Committee shall have the power and authority to delegate any of its duties and responsibilities to subcommittees as the Committee may deem appropriate in its sole discretion.

CERTIFICATE OF THE COMPANY

Dated: November 20, 2018.

This Prospectus constitutes full, true and plain disclosure of all material facts relating to the securities previously issued by the Company as required by the securities legislation of Alberta, British Columbia, and Ontario.

HIGH TIDE INC.

signed "*Harkirat (Raj) Grover*"

Harkirat (Raj) Grover
Chief Executive Officer

signed "*Matthew Dexter*"

Matthew Dexter
Chief Financial Officer

ON BEHALF OF THE BOARD OF DIRECTORS OF HIGH TIDE INC.

signed "*Arthur Kwan*"

Arthur Kwan
Director

signed "*Paul Rosen*"

Paul Rosen
Director

CERTIFICATE OF THE PROMOTER

Dated: November 20, 2018.

This Prospectus constitutes full, true and plain disclosure of all material facts relating to the securities previously issued by the issuer as required by the securities legislation of each of Alberta, British Columbia, and Ontario.

signed "*Harkirat (Raj) Grover*"

Harkirat (Raj) Grover

CERTIFICATE OF THE AGENTS

Dated: November 20, 2018.

To the best of our knowledge, information and belief, this Prospectus constitutes full, true and plain disclosure of all material facts relating to the securities previously issued by the Company as required by the securities legislation of Alberta, British Columbia and Ontario.

CANACCORD GENUITY CORP.

signed "Graham Saunders"
Graham Saunders
Vice Chairman, Managing Director
Head of Capital Markets Origination

MACKIE RESEARCH CAPITAL CORPORATION

signed "Jeff Reymer"
Jeff Reymer
Managing Director, Investment Banking

LAURENTIAN BANK SECURITIES INC.

signed "Alex Shegelman"
Alex Shegelman
Managing Director, Investment Banking

Schedule "B" – Form 2A, Capitalization

14. Capitalization

14.1 The following tables provide information about the Company's capitalization as of December 5, 2018:

Issued Capital

	Number of Securities (non-diluted)	Number of Securities (fully- diluted)	% of Issued (non- diluted)	% of Issued (fully diluted)
<u>Public Float</u>				
Total outstanding (A)	188,478,375	221,551,406	100%	100%
Held by Related Persons or employees of the Issuer or Related Person of the Issuer, or by persons or companies who beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer (or who would beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer upon exercise or conversion of other securities held) (B)	98,975,660	104,157,033	52.51%	47.01%
Total Public Float (A-B)	89,502,715	117,394,373	47.49%	52.99%

Freely-Tradeable Float

Number of outstanding securities subject to resale restrictions, including restrictions imposed by pooling or other arrangements or in a shareholder agreement and securities held by control block holders (C)	97,177,371	97,358,744	51.56%	43.94%
Total Tradeable Float (A-C)	91,301,004	124,192,662	48.44%	56.06%

Public Securityholders (Registered)

Instruction: For the purposes of this report, "public securityholders" are persons other than persons enumerated in section (B) of the previous chart. List registered holders only.

Class of Security

<u>Size of Holding</u>	<u>Number of holders</u>	<u>Total number of securities</u>
1 – 99 securities	<u>Nil</u>	<u>Nil</u>
100 – 499 securities	<u>Nil</u>	<u>Nil</u>
500 – 999 securities	<u>Nil</u>	<u>Nil</u>
1,000 – 1,999 securities	<u>Nil</u>	<u>Nil</u>
2,000 – 2,999 securities	<u>Nil</u>	<u>Nil</u>
3,000 – 3,999 securities	<u>Nil</u>	<u>Nil</u>
4,000 – 4,999 securities	<u>Nil</u>	<u>Nil</u>
5,000 or more securities	<u>97</u>	<u>36,670,019</u>
TOTAL	<u>97</u>	<u>36,670,019</u>

Public Securityholders (Beneficial)

Instruction: Include (i) beneficial holders holding securities in their own name as registered shareholders; and (ii) beneficial holders holding securities through an intermediary where the Issuer has been given written confirmation of shareholdings. For the purposes of this section, it is sufficient if the intermediary provides a breakdown by number of beneficial holders for each line item below; names and holdings of specific beneficial holders do not have to be disclosed. If an intermediary or intermediaries will not provide details of beneficial holders, give the aggregate position of all such intermediaries in the last line.

Class of Security

<u>Size of Holding</u>	<u>Number of holders</u>	<u>Total number of securities</u>
1 – 99 securities	Nil	Nil
100 – 499 securities	Nil	Nil
500 – 999 securities	Nil	Nil
1,000 – 1,999 securities	Nil	Nil
2,000 – 2,999 securities	Nil	Nil
3,000 – 3,999 securities	Nil	Nil
4,000 – 4,999 securities	Nil	Nil
5,000 or more securities	213	89,502,715
Unable to confirm	Nil	Nil
TOTAL	213	89,502,715

Non-Public Securityholders (Registered)

Instruction: For the purposes of this report, "non-public securityholders" are persons enumerated in section (B) of the issued capital chart.

Class of Security

<u>Size of Holding</u>	<u>Number of holders</u>	<u>Total number of securities</u>
1 – 99 securities	Nil	Nil
100 – 499 securities	Nil	Nil
500 – 999 securities	Nil	Nil
1,000 – 1,999 securities	Nil	Nil
2,000 – 2,999 securities	Nil	Nil
3,000 – 3,999 securities	Nil	Nil
4,000 – 4,999 securities	Nil	Nil
5,000 or more securities	10	98,975,660
TOTAL	10	98,975,660

14.2 Provide the following details for any securities convertible or exchangeable into any class of listed securities

Description of Security (include conversion / exercise terms, including conversion / exercise price)	Number of convertible / exchangeable securities outstanding	Number of listed securities issuable upon conversion / exercise
Warrants (underlying the Special Warrants) ⁽¹⁾	18,364,236	18,364,236
Prior Issued Warrants ⁽²⁾	1,194,590	1,194,590
Broker Warrants ⁽³⁾	2,387,350	2,387,350
Warrants underlying the Broker Warrants ⁽¹⁾	1,193,675	1,193,675
Prior Issued Broker Warrants ⁽⁴⁾	670,680	670,680
Options ⁽⁵⁾	9,262,500	9,262,500

Notes:

(1) For further description of the Warrants, please see "Description of Securities Distributed" in the Prospectus.

- (2) For further description of the Prior Issued Warrants, please see "Description of Securities Distributed" in the Prospectus.
- (3) For further description of the Broker Warrants, please see "Description of Securities Distributed" in the Prospectus.
- (4) For further description of the Prior Issued Broker Warrants, please see "Description of Securities Distributed" in the Prospectus.
- (5) For further description of the Options, please see "Description of Securities Distributed" in the Prospectus.

14.3 Provide details of any listed securities reserved for issuance that are not included in section 14.2.

There are no listed securities reserved for issuance that are not included in section 14.2.