

## FORM 7

### MONTHLY PROGRESS REPORT – September 2020

Name of Listed Issuer: High Tide Inc. (the “Issuer”)  
Trading Symbol: HITI  
Number of Outstanding Listed Securities: 236,232,132  
Date: October 6, 2020 for the month ended September 30, 2020

This Monthly Progress Report must be posted before the opening of trading on the fifth trading day of each month. This report is not intended to replace the Issuer’s obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by Exchange Policies. If material information became known and was reported during the preceding month to which this report relates, this report should refer to the material information, the news release date and the posting date on the Exchange website.

This report is intended to keep investors and the market informed of the Issuer’s ongoing business and management activities that occurred during the preceding month. Do not discuss goals or future plans unless they have crystallized to the point that they are "material information" as defined in the Policies. The discussion in this report must be factual, balanced and non-promotional.

#### **General Instructions**

- (a) Prepare this Monthly Progress Report using the format set out below. The sequence of questions must not be altered, nor should questions be omitted or left unanswered. The answers to the items must be in narrative form. State when the answer to any item is negative or not applicable to the Issuer. The title to each item must precede the answer.
- (b) The term “Issuer” includes the Issuer and any of its subsidiaries.
- (c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

#### **Report on Business**

1. *Provide a general overview and discussion of the development of the Issuer’s business and operations over the previous month. Where the Issuer was inactive disclose this fact.*

#### **General Overview**

##### **About High Tide Inc.**

High Tide is a retail-focused cannabis company enhanced by the manufacturing and distribution of smoking accessories and cannabis lifestyle products. Its premier Canadian retail brand, Canna Cabana, spans 34 locations in Ontario, Alberta, and Saskatchewan, with additional locations under development across Canada. High Tide has been serving cannabis consumers for over a decade through its numerous lifestyle accessory enterprises including e-commerce platforms

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

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

For more information about High Tide Inc., please visit [www.hightideinc.com](http://www.hightideinc.com) and its profile page on SEDAR at [www.sedar.com](http://www.sedar.com).

## **Discussion of the Development of High Tide's Business and Operations during September 2020**

### **About High Tide Inc.**

At present, High Tide has 37 branded stores including 34 Canna Cabana locations (including one franchise and one branded) in Alberta, Saskatchewan, Ontario, as well as 3 KushBar locations in Alberta. High Tide recently opened a premium location in Banff, Alberta. The Company also has 43 development permits on hand to continue expanding across Alberta.

In due course, the Company will develop all permits, among other, to achieve the maximum allowable number of stores per operator in Alberta, which is currently capped at 42 by AGLC.

On September 1, 2020 Halo Labs Inc. and High Tide announced that they entered into an amended and restated asset purchase agreement to amend the terms of the previously announced asset purchase agreement dated February 14, 2020 wherein High Tide agreed to sell KushBar retail cannabis assets to Halo Kushbar Retail Inc., a wholly owned subsidiary of Halo.

Going forward, Ontario is the largest and most important market for the Company. High Tide expects to acquire the Canna Cabana location in Toronto shortly, while also submitting applications to the AGCO to receive up to 7 more retail licenses throughout 2020 to achieve the current maximum of 10 stores per operator. The Company is also in the final stages of clearing due diligence with the LCRB in British Columbia and intends to open the maximum of 8 allowable stores per operator. High Tide is also currently evaluating entering the Yukon and Northwest Territories to open cannabis retail stores.

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

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

Management continues to review its operations and streamline processes to reduce operating expenses including changes to staffing levels, reduction in general and administrative expenses and reduction in professional fees.

## High Tide's September Highlights:

### High Tide and Namaste Technologies Add Recreational Cannabis Products to CannMart.com for Saskatchewan Customers

September 22, 2020 – High Tide Inc. and Namaste Technologies Inc. announced that wholly-owned subsidiaries of each corporation recently entered into a CannMart Marketplace Agreement pursuant to which High Tide, via Canna Cabana (SK) Inc. as a licensed retailer by the Saskatchewan Liquor and Gaming Authority, will make recreational cannabis products available online exclusively on CannMart.com as a licensee under Namaste's VendorLink platform for an initial term of one year, subject to renewals. Upon launch, approximately 40 products designated for recreational use will be available to Saskatchewan-based customers, with weekly inventory changes and product additions to follow.

The Agreement marks Namaste's entrance into the direct-to-consumer recreational cannabis market via CannMart.com by using its new marketplace solution, VendorLink, to facilitate the sale of cannabis products by licensed retailers. For High Tide, the Agreement accelerates its growth plans in the province and expands its customer reach based on CannMart's established ecommerce business. Customers within the designated region will be able to shop a diverse catalogue of recreational cannabis products without the need for a prescription. Conversely, CannMart's medical customers in Saskatchewan will have the ability to select and purchase both medical and recreational products.

### High Tide Reports Third Quarter 2020 Financial Results Featuring \$2.1 Million of Operating Income

September 16, 2020 – High Tide Inc reported its financial and operating results for the third quarter of fiscal 2020 ending July 31, 2020.

Third Quarter 2020 – Financial Highlights: • Revenue for the three months ended July 31, 2020 increased by 180%, to \$23.20 million from \$8.29 million for the same quarter last year. • Segment-wise for the three months ended July 31, 2020, revenue was earned 89% (\$20.54 million) by Retail, 11% (\$2.63 million) by Wholesale and an immaterial percentage (\$0.04 million) by Corporate, which compares to 80% (\$6.64 million), 17% (\$1.42 million) and 3% (\$0.23 million), respectively, for the same period of 2019. • Geographically for the three months ended July 31, 2020, revenue was earned 75% (\$17.41 million) in Canada, 23% (\$5.32 million) in the United States and 2% (\$0.48 million) internationally, which compares to 79% (\$6.51 million), 20% (\$1.63 million) and 1% (\$0.15 million), respectively, for the same quarter last year. • Gross profit for the three months ended July 31, 2020 increased by 202%, to \$9.23 million from \$3.06 million for the same period of 2019. • Gross profit margin for the three months ended July 31, 2020 increased to 40% from 37% for the same quarter last year. • Income from operations for the three months ended July 31, 2020 was \$2.11 million compared to a loss from operations of \$4.04 million for the same period of 2019. • Adjusted EBITDA for the three months ended July 31, 2020 was \$3.96 million compared to an Adjusted EBITDA loss of \$3.37 million for the same quarter last year. • Cash and cash equivalents as at July 31, 2020 increased to \$7.11 million from \$0.81 million as at October 31, 2019.

Third Quarter 2020 – Operational Highlights: • The Company's diversified businesses continue to gain momentum in this challenging economic environment, with the best-in-class Grasscity e-commerce platform driving continued growth in market share and daily transaction volume across

North America. • Through the COVID-19 pandemic, existing Canna Cabana and KushBar locations have remained operational, despite the complex conditions facing the retail industry across Canada. • The Company opened four new Canna Cabana retail locations in Ontario: Niagara Falls, Toronto – Parliament, Burlington, and Toronto – Bayview, bringing the current total to 7 branded stores in the province. • The Company restructured \$10.8 million of debt into an interest free debenture due in 2025. • The Company opened a KushBar store in Medicine Hat, Alberta. • Currently, there are approximately 57,000 members of Cabana Club, which has resulted in over 50% of the Company's average daily retail cannabis transactions being conducted by Club members. • As of the date of this news release, the Company's portfolio includes a total of 37 branded retail cannabis locations in Ontario, Alberta, and Saskatchewan. Subsequent Events: • The Company opened a Canna Cabana store in the year-around tourist destination of Banff, Alberta. • The Company entered into a definitive arrangement agreement to acquire all the issued and outstanding shares of Meta Growth Corp., subsequent to which it will become the largest cannabis retailer in Canada with annualized pro-forma revenue of approximately \$148 Million.

### **High Tide Extends Maturity of a Loan in Consideration for Warrants**

September 14, 2020 – High Tide Inc. announced that it has extended the term of a \$2,000,000 loan which the Company borrowed from an arm's length third party bearing an interest rate of 12% pursuant to a loan agreement dated September 4, 2019. Under the terms of the loan amending agreement, the maturity of the Loan was extended until September 30, 2021. The parties also entered into a warrant exchange agreement wherein the 1,600,000 warrants the Lender originally received as consideration for the Loan under the Loan Agreement, having an exercise price of \$0.85 per common share of High Tide and exercisable for a period of 2 years from the effective date of the Loan, were terminated and 1,600,000 new warrants having an exercise price of \$0.30 per Common Share and expiring on September 30, 2021 were issued. The Loan Amending Agreement provides High Tide with greater financial flexibility and allows the Company to defer debt obligations which were otherwise due immediately.

### **High Tide to Announce Third Quarter 2020 Financial Results**

September 8, 2020 - High Tide Inc. announced it would release its financial and operational results for the quarter ended July 31, 2020 before financial markets open on September 16, 2020. High Tide's third quarter financial and operational results will be available on SEDAR and on the Company's website at [www.hightideinc.com/invest](http://www.hightideinc.com/invest).

Following the release of its third quarter financial and operational results, High Tide hosted a conference call with Raj Grover, President and Chief Executive Officer, and Rahim Kanji, Chief Financial Officer, at 8:30 AM Eastern Time on September 16, 2020.

### **High Tide and Halo Announce Amended Terms on Sale of KushBar Assets to Halo**

- Revised agreement focuses on operating stores to avoid capital expenditures for both parties
- Halo reduced the overall purchase price and is only acquiring operating stores
- High Tide has reduced the deemed price per Halo share and reduced dependency on being paid through Halo's share price

September 1, 2020 – Halo Labs Inc. and High Tide Inc. announced that they have entered into an amended and restated asset purchase agreement to amend the terms of the previously

announced asset purchase agreement dated February 14, 2020 wherein High Tide agreed to sell KushBar retail cannabis assets to Halo Kushbar Retail Inc., a wholly owned subsidiary of Halo.

### **Wholesale Segment – RGR Canada, Famous Brandz, Valiant Distribution**

No material news to communicate regarding for the month of September.

The Company continues to expand the catalogue of products that are available to the Ontario Cannabis Store (“OCS”), which has placed orders on a regular basis since entering the previously announced Master Accessories Supply Agreement on September 21, 2018.

### **Retail Segment – Canna Cabana and KushBar**

As also provided under the High Tide summary above, the following Canna Cabana details relate to the month of September and bring our Canna Cabana locations totals to 34 branded locations across Canada.

The Company also has 43 development permits on hand to continue expanding across Alberta. High Tide is currently developing 6 retail sites in Alberta. In due course, the Company will develop all permits, among other, to achieve the maximum allowable number of stores per operator in Alberta, which is currently capped at 42 by AGLC until December 31, 2020.

Going forward, Ontario is the largest and most important market for the Company. High Tide expects to acquire the Canna Cabana location in Toronto shortly, while also submitting applications to receive up to 7 more retail licenses throughout 2020 to achieve the current AGCO maximum of 10 stores per operator. The Company is also in the final stages of clearing due diligence with the LCRB and intends to open the maximum of 8 allowable stores per operator in British Columbia. High Tide is currently evaluating entering the Yukon and Northwest Territories to open cannabis retail stores.

It was announced on September 1, 2020 that High Tide and Halo amended terms on sale of KushBar assets to Halo. The revised agreement focuses on operating stores to avoid capital expenditures for both parties. Halo reduced the overall purchase price and is only acquiring operating stores and High Tide reduced the deemed price per Halo share and reduced dependency on being paid through Halo’s share price.

At the retail store level, employees continue to engage with customers, educating them about cannabis and smoking accessories using the Company’s proprietary training program, and otherwise interacting with stakeholders as new members of the surrounding community. Educational planning for our customers in relation to edibles and recently hitting the shelves, cannabis beverages, are key focus areas for our training teams.

High Tide continues with its pioneered free recycling program in all its retail stores for all Health Canada-approved cannabis product packaging.

As a final comment, all stores have been diligently working to maintain the highest possible standards of sanitation while ensuring safety measures are in place for both the customers and staff to sustain business through the Covid-19 situation

## **Retail Segment (Digital) – Grasscity.com and CBDcity.com**

No material information to report for the month of September.

To add however, perhaps at least partially due to the Covid-19 situation, Grasscity sales through its on-line platform, have been increasing significantly.

Increasing the Company's e-commerce business, the company launched CBDcity.com for US and EU-based customers in May 2020.

### *2. Provide a general overview and discussion of the activities of management.*

Covid-19 continues to be a primary consideration in the planning and daily activity of management.

Various internal teams continue with active implementation of the 2020 product planning, manufacturing and distribution program while concurrently developing and implementing new product launches and store openings. Strategic planning for High Tide in 2020 and beyond is ongoing.

### *3. Describe and provide details of any new products or services developed or offered. For resource companies, provide details of new drilling, exploration or production programs and acquisitions of any new properties and attach any mineral or oil and gas or other reports required under Ontario securities law.*

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

New products and licensed product lines continue to arrive as a normal course of business for RGR Canada and Famous Brandz and are allocated to Canna Cabana stores on an ongoing basis.

At Canna Cabana stores, staff integrated new smoking accessory products along with new cannabis strains and products as they became available.

The continued legalization of cannabis products like edibles, concentrates and beverages continue to be added to store inventories. The company continues its strong rollout of products and stores while continuing its focus on staff and customer education are easily coupled with High Tide's overall strategic development.

### *4. Describe and provide details of any products or services that were discontinued. For resource companies, provide details of any drilling, exploration or production programs that have been amended or abandoned.*

No material products or services were discontinued in September 2020.

### *5. Describe any new business relationships entered into between the Issuer, the Issuer's affiliates or third parties including contracts to supply products or services, joint venture agreements*

*and licensing agreements etc. State whether the relationship is with a Related Person of the Issuer and provide details of the relationship.*

No material information to report that hasn't already been disclosed.

6. *Describe the expiry or termination of any contracts or agreements between the Issuer, the Issuer's affiliates or third parties or cancellation of any financing arrangements that have been previously announced.*

No material information to report.

7. *Describe any acquisitions by the Issuer or dispositions of the Issuer's assets that occurred during the preceding month. Provide details of the nature of the assets acquired or disposed of and provide details of the consideration paid or payable together with a schedule of payments if applicable, and of any valuation. State how the consideration was determined and whether the acquisition was from or the disposition was to a Related Person of the Issuer and provide details of the relationship.*

Nothing to report.

8. *Describe the acquisition of new customers or loss of customers.*

No new material information to report.

9. *Describe any new developments or effects on intangible products such as brand names, circulation lists, copyrights, franchises, licenses, patents, software, subscription lists and trademarks.*

No material information to report that hasn't already been disclosed.

10. *Report on any employee hiring's, terminations or lay-offs with details of anticipated length of lay-offs*

In September, the Company's total employee count across all entities is 353 up from the August count of 334, from 323 in July and 316 in June 2020. The month of September saw 30 employee departures.

11. *Report on any labour disputes and resolutions of those disputes if applicable.*

Not applicable, as there were no labour disputes or resolutions to report during the month of September 2020.

12. *Describe and provide details of legal proceedings to which the Issuer became a party, including the name of the court or agency, the date instituted, the principal parties to the proceedings, the nature of the claim, the amount claimed, if any, if the proceedings are being contested, and the present status of the proceedings.*

No information to report.

13. *Provide details of any indebtedness incurred or repaid by the Issuer together with the terms of such indebtedness.*

A loan of \$2M with a maturity of September 4, 2020 was extended to September 30, 2021.

14. *Provide details of any securities issued and options or warrants granted.*

In September 2020, any High Tide issued securities, grant options and/or warrants during the month as were reported on our filed Form 9(s) as required by the CSE.

15. *Provide details of any loans to or by Related Persons.*

No material information to report.

16. *Provide details of any changes in directors, officers or committee members.*

No material information to report.

17. *Discuss any trends which are likely to impact the Issuer including trends in the Issuer's market(s) or political/regulatory trends.*

Continued mitigation the economic headwinds being caused by the COVID-19 pandemic are on the company's forefront of thought and action. High Tide continues to optimize staffing levels across the organization, working with landlords to abate or defer rent, minimizing operating expenses and delaying capital expenditures wherever possible.

In March 2020 COVID-19 has resulted in unexpected uncertainties which, at this time, make it prudent for High Tide to temporarily withdraw its previous outlook statement of becoming profitable in the 2020 fiscal year. The Company has been continuing to respond to COVID-19 with changes to internal business practices consistent with the guidelines of public health authorities. Since inception, High Tide's purpose has been to serve cannabis enthusiasts and a significant part of that commitment is ensuring the Company is putting the safety of its customers and employees first. The Company has implemented significant measures to protect the health and wellbeing of these valued groups of individuals. High Tide continues to monitor the situation closely while keeping its retail locations and wholesale facilities open, where permitted.

## Certificate of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Certificate of Compliance.
2. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CNSX Policy 1).
4. All of the information in this Form 7 Monthly Progress Report is true.

Dated October 6, 2020.

**Raj Grover**

Name of Director or Senior Officer

**"Raj Grover"**

Signature

**President & C.E.O**

Official Capacity

<b>Issuer Details</b>		
Name of Issuer: High Tide Inc.	For Month Ending: September 30, 2020	Date of Report: 2020/10/06
Issuer Address: #112, 11127 15 <sup>th</sup> Street NE		
City/Province/Postal Code: Calgary, Alberta T2K 2M4	Issuer Fax No.: (403) 265-4244	Issuer Telephone No.: (403) 265-4207
Contact Name: Krystal Dafoe	Contact Position: Director, Corporate Governance & Listing	Contact Telephone No.: (403) 265-4207
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