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Zacks Small-Cap Research

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High Tide Inc. (HITI-NASDAQ)

HITI: Initiating Coverage of a High-Growth Specialty Retailer Focused on Cannabis with Sustainable Competitive Advantages

Based on our DCF model, we think HITI could trade up to $6.00. We look for HITI's strong/improving fundamental story to increasingly resonate with (generalist) investors, thereby driving a material upward revaluation for the stock regardless of the regulatory backdrop. Furthermore, should favorable regulatory reform materialize, we would expect management to bring the company's unique discount club model to the U.S. in relatively short order.

Current Price (09/08/25)	$3.28
Valuation	**$6.00**

INITIATION

High Tide Inc. (HITI) engages in the distribution and sale of cannabis and cannabis-related products. The company's bricks-and-mortar footprint in Canada spans 200+ stores (branded Canna Cabana) across five provinces (Alberta, Ontario, Saskatchewan, Manitoba and British Columbia). In addition, High Tide manufactures and distributes CBD and consumption accessories through e-commerce platforms, and provides data analytics services. Earlier this month, HITI closed the acquisition of a 51% ownership stake in Remexian Pharma GmbH, a leading low-cost medical cannabis importer/wholesaler in Germany, one of the highest-growth markets in the world, with much of the accelerating demand satisfied through imported cannabis from Canada. The company was founded in 2009, with headquarters in Calgary, Canada.

SUMMARY DATA

52-Week High	**$3.66**
52-Week Low	**$1.64**
One-Year Return (%)	**67.35**
Beta	**0.98**
Average Daily Volume (sh)	**549,851**
Shares Outstanding (mil)	**87**
Market Capitalization ($mil)	**$285**
Short Interest Ratio (days)	**1**
Institutional Ownership (%)	**7**
Insider Ownership (%)	**13**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**43.4**
Earnings Per Share (%)	**N/A**
Dividend (%)	**N/A**
P/E using TTM EPS	**N/A**
P/E using 2025 Estimate	**N/A**
P/E using 2026 Estimate	**36.4**

Risk Level	**Above Average**
Type of Stock	**Small-Blend**
Industry	**Medical - Products**

ZACKS ESTIMATES

Revenue
(in millions of $)

	Q1 (Jan)	Q2 (Apr)	Q3 (Jul)	Q4 (Oct)	Year (Oct)
2023	88 A	87 A	94 A	92 A	361 A
2024	96 A	91 A	95 A	99 A	376 A
2025	98 A	100 A	108 E	121 E	432 E
2026					603 E

Price/Sales Ratio (Industry = 2.5x)

	Q1 (Jan)	Q2 (Apr)	Q3 (Jul)	Q4 (Oct)	Year (Oct)
2023	-$0.04 A	-$0.02 A	-$0.04 A	-$0.31 A	-$0.40 A
2024	-$0.00 A	$0.00 A	$0.01 A	-$0.01 A	$0.00 A
2025	-$0.02 A	-$0.03 A	-$0.01 E	-$0.01 E	-$0.07 E
2026					$0.09 E

Quarterly revenues/EPS may not equal annual revenues/EPS due to rounding.

INVESTMENT THESIS

We are initiating coverage of **High Tide Inc. (Nasdaq: HITI)** with a 12-month price target of $6.00, translating into sizeable upside potential from the stock's current price. High Tide is the largest cannabis retailer in Canada operating 200+ stores across Alberta, Ontario, Saskatchewan, British Columbia, and Manitoba. Beyond traditional bricks-and-mortar cannabis stores in Canada (branded Canna Cabana), the company markets Cannabidiol (CBD) and consumption accessories online across Canada, the U.S., the United Kingdom, and Europe. Earlier this month, HITI closed the acquisition of a 51% ownership stake in Remexian Pharma GmbH, a leading low-cost medical cannabis importer/wholesaler in Germany, one of the highest-growth markets in the world, with much of the accelerating demand satisfied through imported cannabis from Canada. CBD and consumption accessory brands include NuLeaf Naturals, FAB-CBD, Blessed CBD, Grasscity, Smoke Cartel, Daily High Club, and DankStop (Exhibit 1).

Exhibit 1. HITI Maintains a Diversified Suite of Brands/Products

Source: Company reports.

Our investment thesis revolves around:

1. **More favorable regulatory landscape north of the border:** Unlike here in the U.S. where the sale of cannabis remains illegal at the federal level, the Cannabis Act and the Cannabis Regulations in 2018 allow for and govern the cultivation/production, processing, retail sale, and distribution of cannabis for both medical and recreational use across Canada. Following the legalization of recreational-use cannabis, Canada has grown into a C$5.5 billion market, with a majority of sales (~C$4.5 billion in May 2025) coming from the five provinces in which High Tide maintains operations. Importantly, Canadian provinces and municipal governments maintain control over the regulation of retail sales and distribution of cannabis from

Licensed Producers in accordance with applicable Retail Store Authorizations – not too dissimilar to the state-specific regulatory framework here in the U.S.

Turning to the U.S., while HITI's bricks and mortar cannabis sales remain confined to Canada at present, we would expect management to turn their sights south of the border should a more favorable regulatory backdrop emerge. While the prospect of cannabis rescheduling in the U.S. remains decidedly uncertain, a positive ruling likely represents a powerful upward revaluation catalyst for cannabis stocks reflecting multiple financial/tax benefits for publicly-traded companies.

2. **Plenty of growth levers to pull:** We look for a powerful step up in HITI's earnings power reflecting the recent majority equity investment in Remexian in Germany, in addition to a number of compelling growth catalysts including:
    a. With 207 stores across Canada, High Tide's Canna Cabana chain remains the largest cannabis retailer in Canada. Moreover, Same-Store Sales (SSS) increased 132% between October 2021 and March 2025, whereas peers suffered a 10% decline in SSS on average during the same time period.
    b. Management remains focused on continuing to broaden the retail footprint, and recently reiterated the company's goal of adding 20-30 new stores this year. Over time, we anticipate the number of Canna Cabana locations across Canada to reach 300 and beyond, thereby facilitating sustainable growth.
    c. Third, the company's Cabana Club loyalty program continues to grow (up to 2+ million memberships in Canada), with participants accounting for more than 90% of daily transaction volumes. While the base program remains free to join, the company introduced a paid loyalty tier (ELITE) in late 2022. From a financial perspective, ELITE members typically generate higher-dollar receipts with greater frequency, with related fees providing recurring/high-margin revenues.
    d. While Canna Cabana remains the largest retail cannabis retailer in Canada (~12% market share), the industry remains highly fragmented implying ample room for growth. Furthermore, market shares continue to roll up to diversified/scale-enabled players, and we look for HITI's market share to reach 15% in relatively short order.
    e. Finally, increasingly leveraging white labeling opportunities to further build out the house-branded product portfolio and ongoing cannabis accessories innovation likely enhances growth and margins over time.

3. **Transitioning into a global player:** Earlier this month, HITI closed the acquisition of a 51% ownership stake in Remexian Pharma GmbH, a leading low-cost medical cannabis importer/wholesaler in Germany, for €26.4 million ($31.1 million). Stepping back, Germany remains amongst the highest-growth markets in the world, particularly following the enactment of the Consumer Cannabis Act in April 2024, which legalized cannabis for medical use. Much of the accelerating demand continues to be satisfied through imported cannabis, particularly from Canada. A key rationale for the transaction was the powerful opportunity to increasingly leverage HITI's procurement expertise and LP network/relationships in Canada to drive accelerating imports/sales in Germany. As such, we see substantial potential for related revenue/EBITDA growth, as HITI increasingly pushes Canadian-supplied cannabis (sourced at lower prices) through Remexian's broad distribution network in Germany.

4. **Building earnings power:** While our model calls for modest net losses through the end of HITI's current fiscal year ended October 31, 2025, we project a favorable inflection next year, as EPS hits $0.09 in F2026, with further growth expected in F2027 and beyond as the business continues to scale. Key modeling inputs include accelerating revenue growth reflecting continued organic growth, a broader retail store footprint, and accelerating Remexian contributions, combined with rising margins on the back of building economies of scale, ongoing expense management/resource optimization, and accelerating growth across higher-margin initiatives.

    Looking longer-term, we see a clear pathway for HITI reaching a $900+ million of revenue run-rate over the next five years after factoring in seemingly conservative assumptions around organic growth for the legacy business, new store openings, and accelerating growth at Remexian. Turning to profitability, our math suggests EBITDA approaches $90 million within five years based on rising economies of scale, ongoing resource optimization, and a more favorable business mix along with stepped-up sourcing capabilities, a more favorable supply mix, and better procurement terms for Remexian.

5. **Balance sheet strength:** To be sure, High Tide's strong balance sheet remains a key differentiating factor relative to most other U.S.-based cannabis operators that typically struggle to source capital to fund growth

due to regulatory restrictions, with highly-dilutive financings often the only course of action. Put another way, the company maintains ample liquidity and steady free cash flow to fund organic growth initiatives and capitalize on accelerating consolidation trends across the industry should the right opportunities arise. Turning to the liabilities side, High Tide's debt profile remains generally favorable, with long-dated maturities. Moreover, we put HITI's gross debt-to-LTM Adjusted EBITDA ratio at approximately 1.5x based on ~$48 million of debt (inclusive of the $9.0 million Remexian loan) and our Adjusted EBITDA estimate through July 31, 2025, or well below leverage ratios for most peers.

6. **Valuation – misperception creates opportunity:** Despite the stock's more recent outperformance, our DCF-derived price target of $6.00 still suggests a considerable disconnect between HITI's fundamentals and the stock's current price. As a crosscheck, we looked at peer valuation multiples to corroborate our DCF-based price target. To be sure, while apples-to-apples comparisons for cannabis stocks remain challenging given varying regulatory backdrops and growth prospects across countries/states/provinces, not to mention diverging capital, liquidity, and profitability profiles, HITI continues to trade at a discount to most U.S.- and Canadian-based cannabis companies based on Enterprise Value (EV)-to-EBITDA multiples despite what we would argue are well-defined competitive advantages around scale, growth, profitability, and balance sheet metrics, as well as a more favorable regulatory backdrop. Taking it a step further, we would argue a more relevant comp group for HITI remains "blue-chip"/high-performing retailers, irrespective of the underlying sales mix. In spite of higher sales per square foot metrics relative to best-in-class retailers, HITI shares still trade at a fraction of the EV/EBITDA multiples most leading retail stocks command.

   Stepping back, while sentiment on the cannabis sector here in the U.S. has certainly improved following President Trump's more recent comments indicating his administration was considering reclassifying marijuana as a Schedule III drug, absolute/relative performance of most U.S.-based cannabis company stocks remains inextricably linked to the prevailing narrative around potential regulatory reform in the U.S. In contrast, we look for HITI's strong/improving fundamental story to increasingly resonate with (generalist) investors, thereby driving a material upward revaluation for the stock regardless of the regulatory backdrop.

REGULATORY LANDSCAPE – CANADA VS. USA

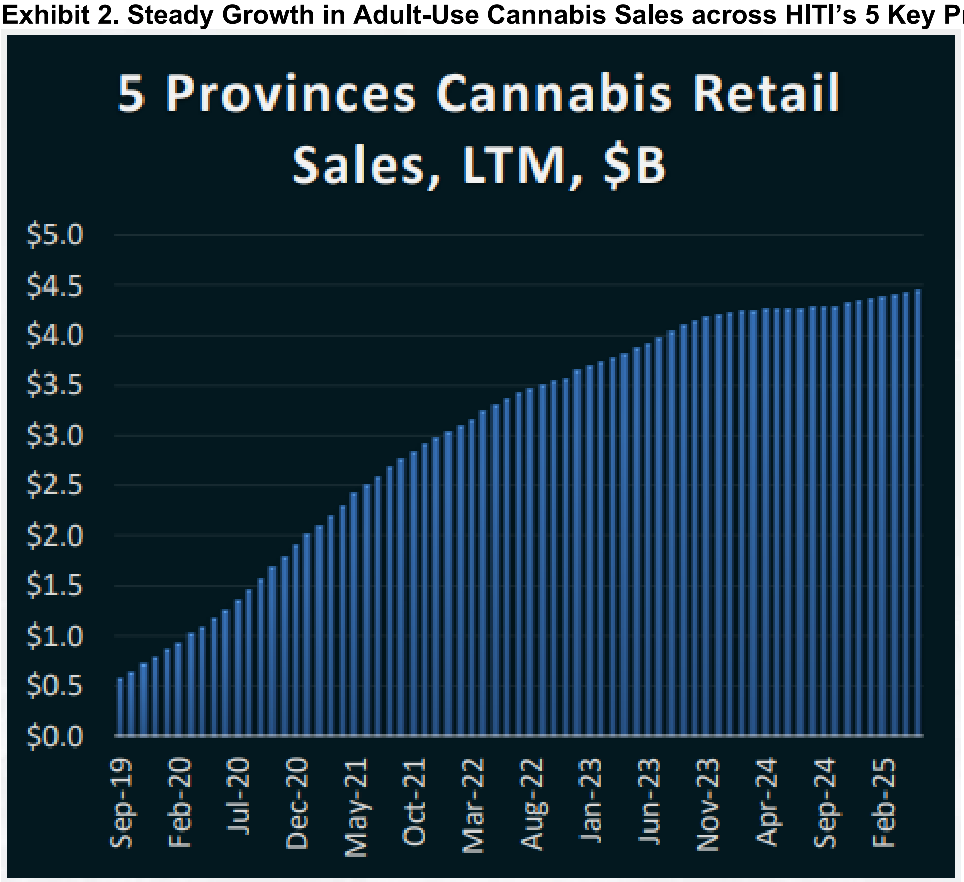
CANADA

Broad access to cannabis for medical purposes was initially permitted in Canda under the Marihuana Medical Access Regulations (MMAR) implemented in 2001. Fast forward to 2013, the Canadian government enacted the Marihuana for Medical Purposes Regulations (MMPR), which established standards for the production and distribution of marijuana for medical purposes. In 2016, the MMPR was swapped out for the Access to Cannabis for Medical Purposes Regulations (ACMPR), which in turn were replaced by the Cannabis Act and the Cannabis Regulations in 2018 that currently serve as the prevailing laws governing the cultivation/production, processing, retail sale, and distribution of cannabis for both medical and recreational use, as well as related products and accessories. Following the legalization of recreational-use cannabis, Canada has grown into a C$5.5 billion market, with a majority of sales (~C$4.5 billion in May 2025) coming from the five provinces in which High Tide maintains operations (Exhibit 2).

The Cannabis Act regulates cultivation, possession, and distribution for individuals, while restricting the promotion, branding, packaging, and labeling for cannabis and cannabis accessories at the commercial level. Furthermore, the Cannabis Regulations provide for the issuance of licenses for cannabis cultivation, processing, importation, exportation, and sales, as well as mandate labeling requirements at the national level.

Importantly, Canadian provinces and municipal governments maintain control over the regulation of retail sales and distribution of cannabis from Licensed Producers (LPs) in accordance with applicable Retail Store Authorizations – not too dissimilar to the state-specific regulatory framework here in the U.S. Noteworthy adaptations have included the allowance for private-label cannabis product sales within non-vertically integrated retailers in Alberta, as well as the elimination of a 6% Social Responsibility fee for retailers in Manitoba in 2023. Focusing on Ontario, government officials recently increased the retail store cap from 75 to 150, as well as announced C$31 million in funding to curb illegal/unregulated cannabis store operations.

Exhibit 2. Steady Growth in Adult-Use Cannabis Sales across HITI's 5 Key Provinces



Source: Company reports.

USA

Turning to the U.S., while HITI's bricks and mortar cannabis sales remain confined to Canada at present, we would expect management to turn their sights south of the border should a more favorable regulatory backdrop emerge. In fact, management keeps close tabs on consumer trends through the company's sales of cannabis accessories in the U.S. and maintains relationships with U.S.-based companies, with HITI's potential entry into America likely in the form of an acquisition. As such, we provide a brief overview of the regulatory environment in the U.S.

While cannabis remains illegal at the federal level, ~75% of Americans reside in states with some form of legalized marijuana. Put another way, nearly 80% of the country's population lives in close proximity to at least one of the ~15,000 cannabis dispensaries in the U.S. More specifically, cannabis is currently legal for medical use in 41 states and Washington, D.C. Furthermore, more than 50% of Americans reside in one of the 24 states and the District of Columbia that has legalized recreational use of marijuana.

Looking ahead, while last year's vote to approve recreational use in Florida failed to reach the 60% threshold, industry pundits remain cautiously optimistic incremental states legalize adult use down the road, thereby potentially expanding the Total Addressable Market (TAM). Legalization prospects remain less sanguine at the federal level. At present, the federal government classifies cannabis as a Schedule I drug under the Controlled Substances Act (CSA), or substances with high potential for abuse and/or lack safe/accepted medical uses (i.e., heroin, LSD, PCP, and cocaine). That said, moves to reclassify cannabis to Schedule III, or drugs with low to moderate potential for physical/psychological dependence (i.e., Tylenol with codeine, ketamine, anabolic steroids, and testosterone), began in earnest in 2022.

While the prospect of cannabis rescheduling remains decidedly uncertain – particularly in light of the recent postponement of formal rulemaking hearings (Exhibit 3) – a favorable ruling likely represents a powerful upward revaluation catalyst for cannabis stocks reflecting multiple benefits for publicly-traded companies including:

- First, cannabis firms would likely be able to deduct business expenses on federal tax returns (currently prohibited for companies dealing with Schedule I drugs under Internal Revenue Code Section 280E), thereby generating material tax benefits.

- Second, banks might be more willing to deal with cannabis businesses if marijuana is classified as a Schedule III substance, thus improving access to key financial services (i.e., lending).

- Third, less onerous legal hurdles (including the prohibition of interstate commerce) likely pave the wave for stepped-up growth for larger well-capitalized companies, as well as rising consolidation across the industry.

Exhibit 3. Federal Rescheduling Timeline

- October 6, 2022 — Former President Joe Biden advocates pardoning individuals with certain cannabis-related convictions, while initiating a review of cannabis' Schedule I designation.
- August 2023 – The U.S. Department of Health and Human Services (HHS) recommends marijuana be classified as a Schedule III drug.
- Sep. 13, 2023 — A Congressional Research Service (CRS) report suggests the Drug Enforcement Administration (DEA) will "likely" reschedule marijuana.
- Jan. 4, 2024 — The DEA confirms the review of cannabis rescheduling.
- May 21, 2024 — The U.S. Department of Justice (DOJ) publishes a notice of proposed rulemaking to reschedule cannabis from a Schedule I to a Schedule III substance.
- August 27th, 2024 — The DEA announced the scheduling of an Administrative Law Judge (ALJ) hearing beginning on December 2, 2024, to discuss the rescheduling of cannabis.
- December 2nd, 2024 — Formal hearing begins with a set schedule for remaining dates following the submission of ~43,000 comments.
- January 13, 2025 – Hearing is stayed and parties ordered to provide ongoing status updates.
- August 11, 2025 – President Trump confirmed he and his administration are considering reclassifying marijuana to a Schedule III drug, with a determination "over the next few weeks."

Source: Moritz College of Law.

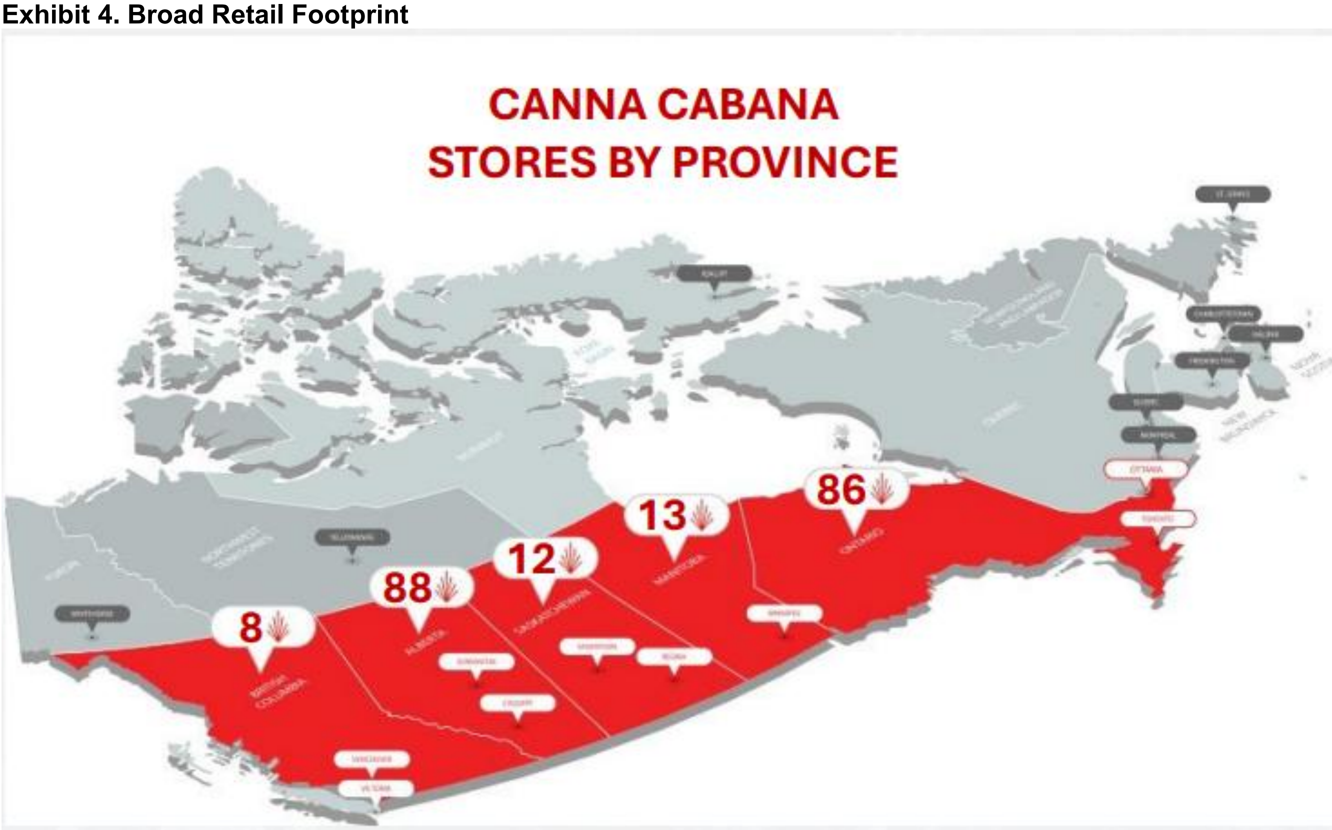
Looking ahead, even should hearings resume, the federal rescheduling process remains a multi-stage, and often time-consuming process. Key steps include: i) initiating the rescheduling process; ii) HHS scientific/medical evaluation and recommendation; iii) DEA publication of a notice of proposed rulemaking in the Federal Register; iv) a public comment period; v) related hearings; and vi) a final ruling determining the new scheduling status.

GROWTH STORY: FIRING ON ALL CYLINDERS

As discussed in greater depth later in our report, we look for a powerful step up in HITI's earnings power over the next 12 months reflecting the recent majority equity stake in Remexian in Germany, in addition to a number of compelling growth catalysts. Namely:

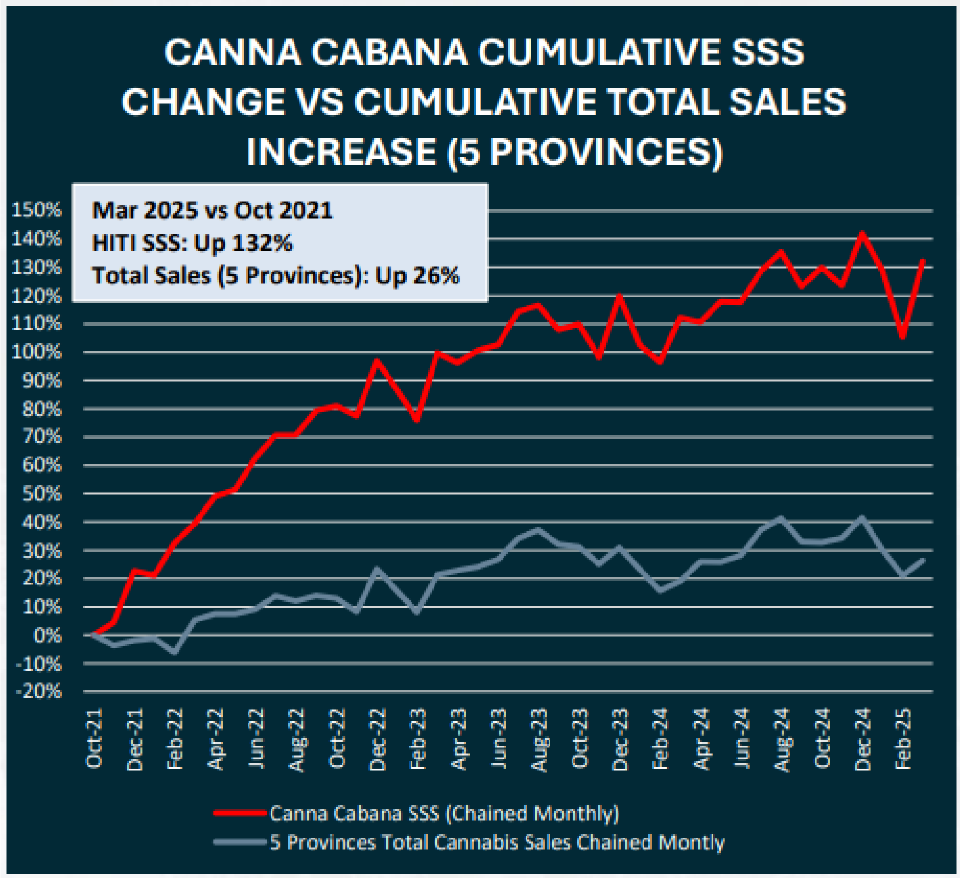
1. **Strong same-store sales growth:** At present, High Tide operates 207 provincially-authorized Canna Cabana stores across Alberta, Ontario, Saskatchewan, Manitoba, and British Columbia (Exhibit 4). The retail chain offers cannabis products and accessories and remains the largest cannabis retailer in Canada. From a growth perspective, Canna Cabana Same-Store Sales (SSS) increased 132% between October 2021 and March 2025 (Exhibit 5). In comparison, consolidated industry sales across the five provinces in which HITI operates were up a more modest 26% during the same time period suggesting SSS for the competition were down 10% on average. More recently, HITI's SSS were up 6.2% in F2Q25 (Apr) and 7.4% in F3Q25 (Jul) representing the highest growth rate looking back over the past two years.

Exhibit 4. Broad Retail Footprint



Source: Company reports.

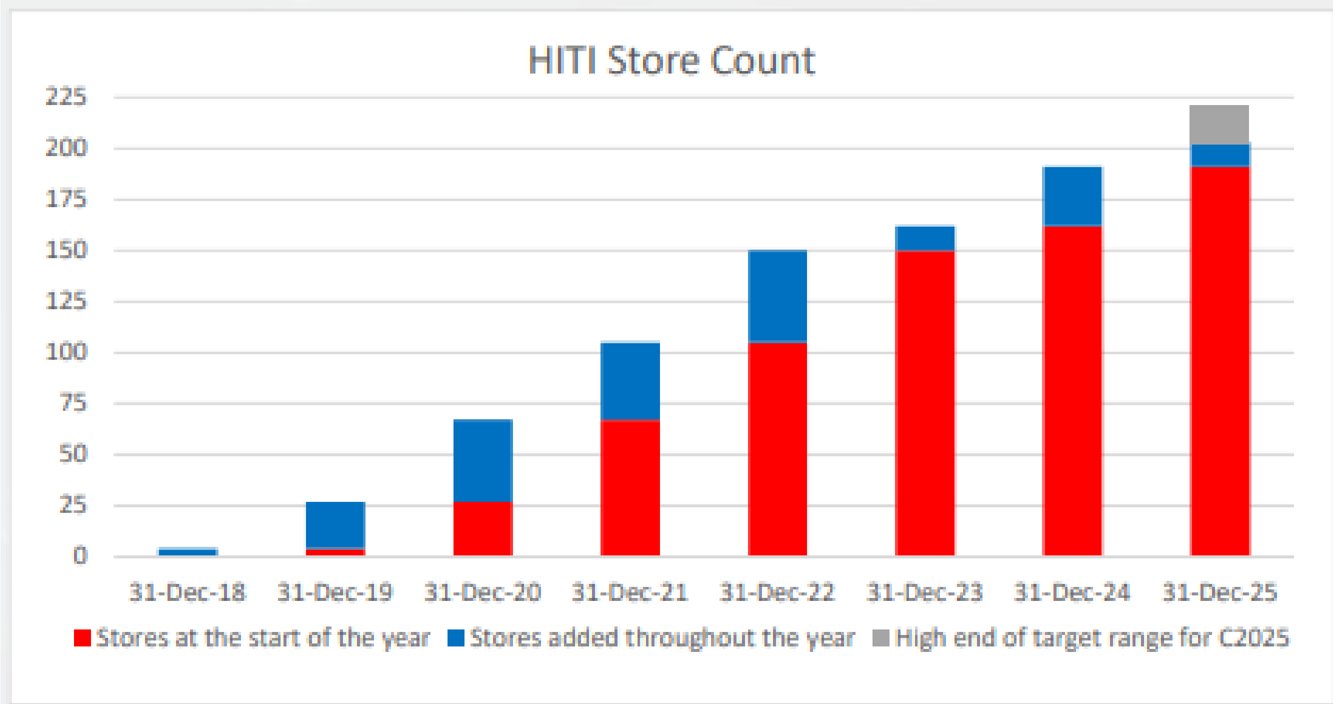
Exhibit 5. Strong Absolute/Relative Same-Store Sales Growth



Source: Company reports.

2. **Continuing to broaden the retail footprint:** Following consistent/outsized store count growth from 2019 to 2022, senior officials opted to slow new store openings in 2023 to focus on profitability (Exhibit 6). As a result, free cash flows have generally remained positive since F3Q23 (with the exception of F1Q25), with management reemphasizing new store growth starting in C2024 (29 new locations opened). Management typically targets locations with 1,200 to 1,500 square feet offering ~500 Stock Keeping Units (SKUs) of cannabis products and ~1,000 SKUs of consumption accessories, with average startup costs currently running around C$260,000 and payback periods of roughly 10 months. Looking ahead, management recently reiterated the company's goal of adding 20-30 new stores this year – a target we fully expect HITI to exceed given 16 new locations already opened, with another 15-20 currently under construction. Over time, we anticipate the number of Canna Cabana locations across Canada to reach 300 and beyond, thereby facilitating sustainable growth.

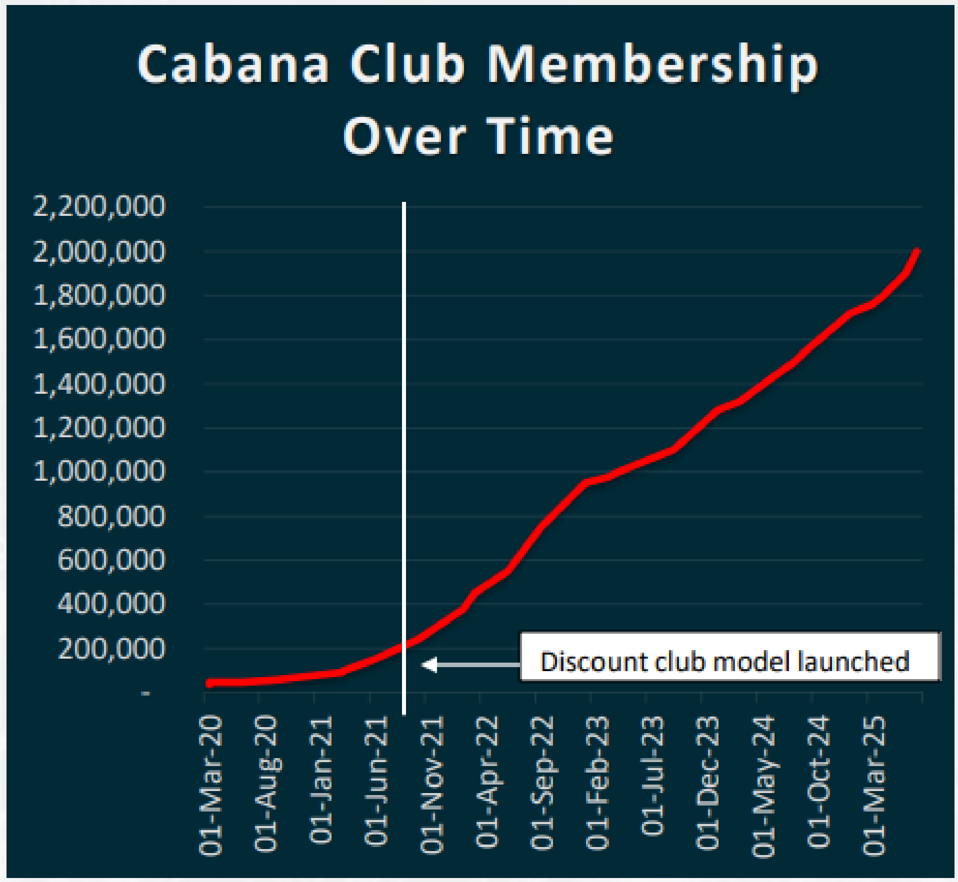
Exhibit 6. Steady Store Count Growth



Source: Company reports.

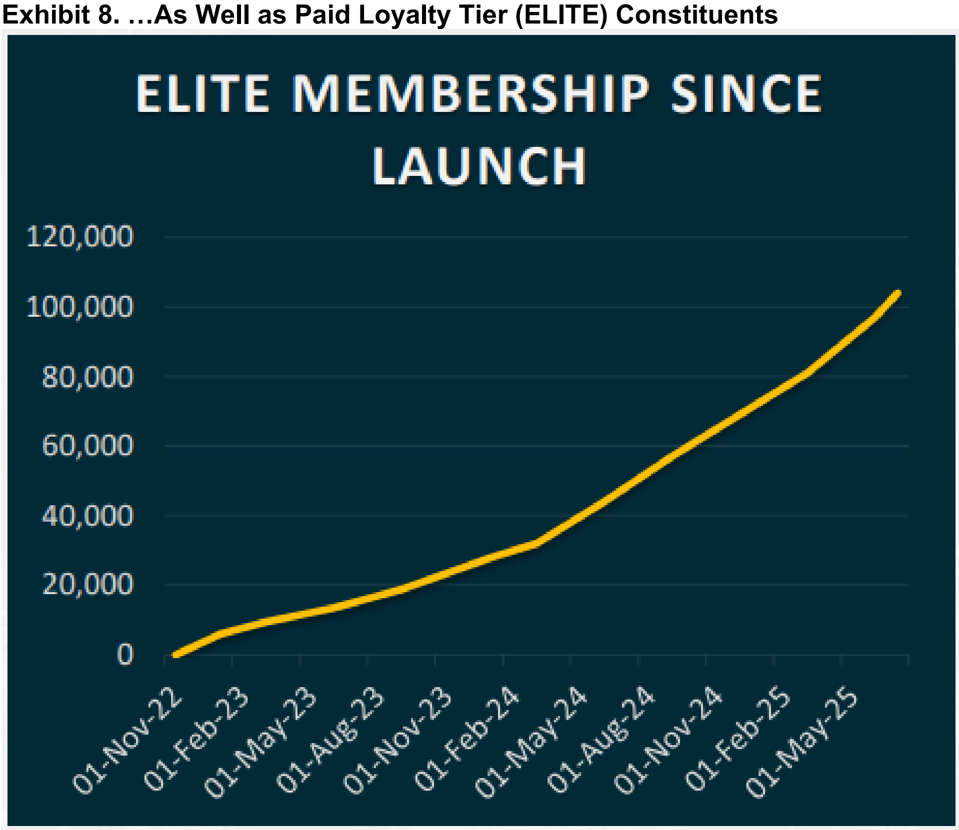
3. **Unique discount club model:** A key growth driver for HITI remains the company's Cabana Club loyalty program (launched in 2021), under which members benefit from discounted prices on cannabis products and exclusive access to consumption accessories. Memberships in Canada currently exceed two million (and account for more than 90% of daily transaction volumes), up 30%+ over the last 12 months (Exhibit 7), with management targeting over 2.5 million Canadian memberships over time. Moreover, the Cabana Club program recently went global, and currently maintains nearly 5.9 million members worldwide. While the base program remains free to join, the company introduced ELITE in late 2022, with members paying an annual fee of C$35 (up from the initial C$30 level reflecting strong demand) for greater discounts on products and delivery services, as well as access to exclusive flash sales and limited editions. ELITE memberships crossed 100,000 as of the end of July, up more 2x over the last year (Exhibit 8). From a financial perspective, ELITE members typically generate higher-dollar receipts with greater frequency. Moreover, related membership fees provide for a growing source of recurring/high-margin revenues.

Exhibit 7. Sharp Growth in Canaba Club Memberships…



Source: Company reports.

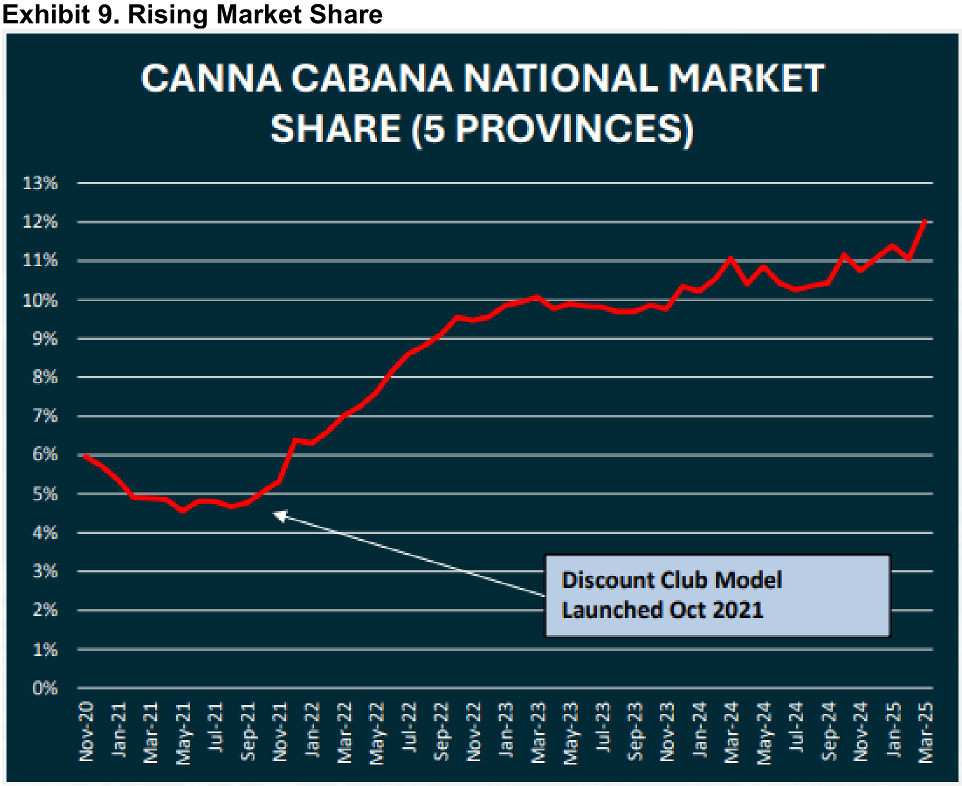
Exhibit 8. …As Well as Paid Loyalty Tier (ELITE) Constituents



Source: Company reports.

4. **Rising market share:** At a high level, growth across the industry remains solid, with operators across HITI's five key provinces generating C$4.5 billion of sales for the 12-months ended May 31, 2025, up 5% compared to the prior-year period, and representing the highest level looking back across the prior eight months. That said, Canna Cabana retail sales were up 13% in April 2025 (Exhibit 9) – the fastest growth rate since July 2024, and implying meaningful market share gains. Stepping back, Canna Cabana remains the largest retail cannabis retailer in Canada with about a 12% market share. To be sure, market shares continue to roll up to diversified/scale-enabled players, as consolidation across the industry continues to ramp up, particularly with smaller, inferiorly-positioned companies likely exiting the business as 5-year leases come up for renewals. Going forward, the industry remains highly fragmented implying ample room for growth. In fact, we look for HITI's market share to reach 15% in relatively short order. Beyond the company's discount club model and extensive experience in the cannabis sector, a key differentiating factor for HITI remains management's real estate strategy. More specifically, senior executives typically target high-foot traffic strip malls/plazas anchored by grocery chains, liquor stores, and/or Quick Service Restaurants (QSRs) for new store locations, while maintaining strong relationships with key landlords across cities, thereby enhancing access to Tier 1 locations coming to market.

Exhibit 9. Rising Market Share



Source: Company reports.

5. **Ongoing product/point-of-sale innovation:** From a product standpoint, the company's in-house brands include Queen of Bud and Cabana Cannabis Co. While related inventory remains limited at around 2% of store SKUs, management hopes house-branded products ultimately account for 20% to 25% of all store offerings (inclusive of white label opportunities), thereby driving higher margins, all else equal. Furthermore, HITI's Valiant subsidiary manufactures and distributes innovative cannabis accessories via wholesalers in Saskatchewan, with a warehouse in Nevada. From a technology perspective, the company's Fastendr retail kiosks facilitate higher sales, quicker transaction times, and enhanced customer experiences at more favorable margins.

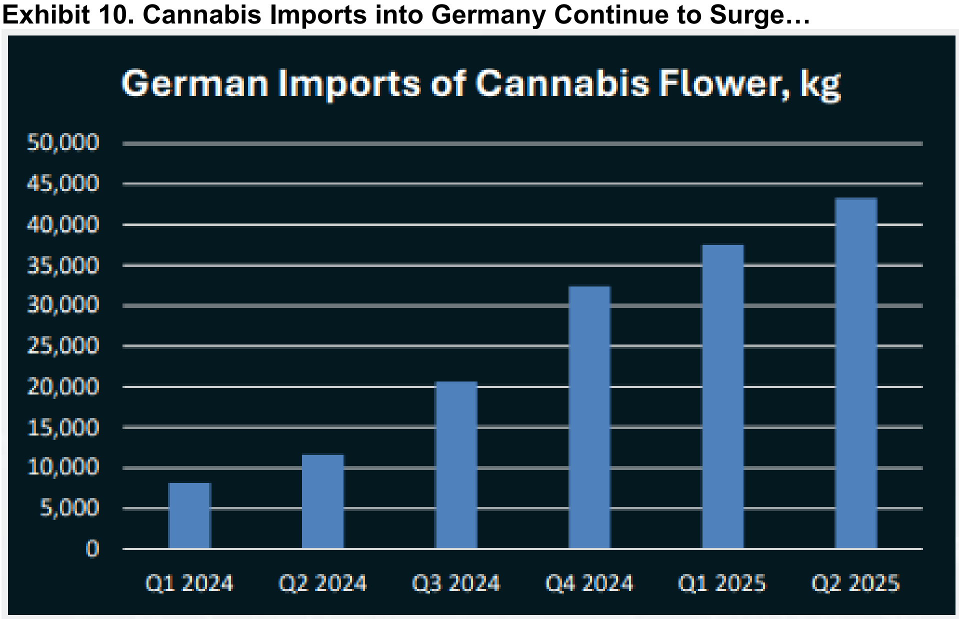
NOT JUST A CANADIAN STORY ANYMORE

Historically, management supplemented organic growth through accretive and strategic M&A to further broaden the company's ecosystem. That said, prior transactions primarily focused on building out the company's CBD/consumption accessories businesses (see Smoke Cartel, FABCBD, Daily High Club, Dankstop, Blessed, and NuLeaf deals).

That all changed earlier this month when the company acquired a majority ownership stake in Remexian Pharma GmbH, a leading low-cost medical cannabis importer/wholesaler in Germany. More specifically, High Tide acquired 51% of Remexian for €26.4 million ($31.1 million), with 42% of the total consideration in common shares of HITI priced at US$2.19, 29% in cash (funded with proceeds from the recent Cronos convertible debt offering), and the assumption of loans from the sellers (bearing a 7% annual interest rate and maturing at the end of 2029) comprising the residual 29%. Furthermore, High Tide maintains a call option to purchase the residual 49% stake during the five-year period following the two-year anniversary of the close at an Enterprise Value (EV)-to-Adjusted EBITDA multiple of 3.64x to 4.00x (depending on when the option is exercised). On the flipside, the sellers maintain a put option to sell the remaining stake in Remexian at similar multiples and within similar timeframes.

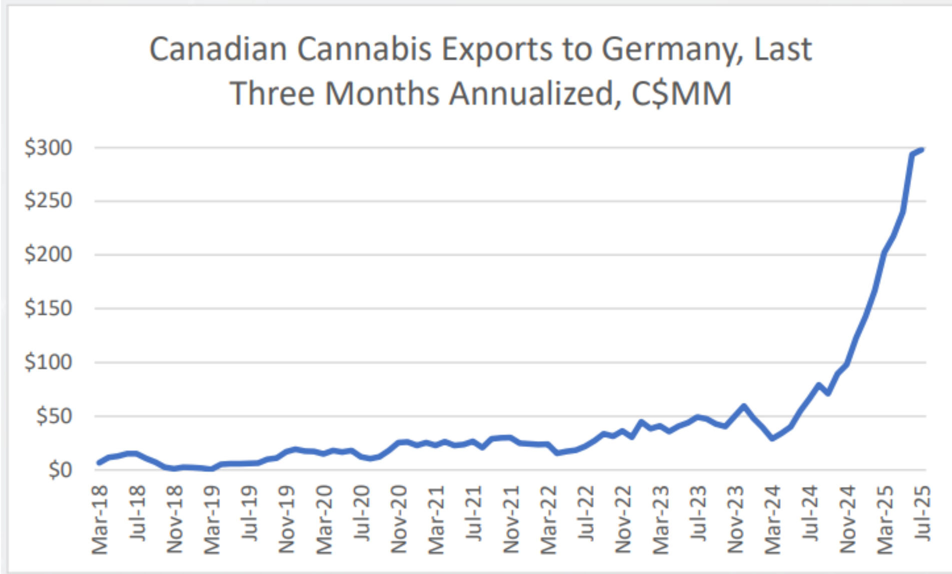
Stepping back, Germany remains amongst the highest-growth markets in the world, particularly following the enactment of the Consumer Cannabis Act in April 2024, which legalized cannabis for medical use. To be sure, the number of patients in Germany surged from ~250,000 to approximately 900,000 in the last year according to recent estimates, with much of the demand satisfied through imported cannabis. In 2Q25, medical cannabis imported into Germany totaled 43.3 tonnes, up 272% on a year-over-year basis and 15% relative to 1Q25 (Exhibit 10). Moreover, Canadian exports of cannabis into Germany have continued to accelerate (Exhibit 11). Through the first half of this year, Canadian exports totaled ~36 tonnes, translating into 45% of the total market.

Exhibit 10. Cannabis Imports into Germany Continue to Surge…



Source: Company reports.

Exhibit 11. …With Much of the Demand Sourced from Canada



Source: Company reports.

A key rationale for the transaction was the powerful opportunity to increasingly leverage HITI's procurement expertise and LP network/relationships in Canada to drive accelerating imports/sales in Germany, we believe. Remexian remains amongst the largest distributors of cannabis in Germany, with related sales reaching 7 tonnes in 2Q25, translating into 16% market share. Digging a bit deeper, Canadian imports currently account for 33% of Remexian's total cannabis sales – softer relative to Canada's 45% import market share across the industry in Germany. As such, we see substantial potential for growth, as HITI increasingly pushes Canadian-supplied cannabis (sourced at lower prices) through Remexian's broad distribution network in Germany. In fact, many LPs recently reached out to the company to explore exclusive sales agreements in Germany according to management. Over time, we expect the percentage of Remexian's cannabis sales sourced from Canada to reach and ultimately exceed industry averages, thereby driving rising revenues and margins, all else equal.

Turning to accretion, for the six months ended March 31, 2025, Remexian generated €70 million ($82.4 million) of revenue and €15 million ($17.7 million) of Adjusted EBTIDA on annualized bases. Based on the transaction consideration, Remexian's implied Enterprise Value of €53.4 million translates into 3.64x annualized run-rate Adjusted EBITDA, or meaningfully below HITI's current multiple. Going forward, we look for stepped-up sales at attractive margins (as Remexian imports more cannabis from Canada at more favorable terms) to drive sizable growth in related EBITDA.

At a high level, while senior officials likely take a bit of a pause on the acquisition front while digesting the Rexexian transaction, the longer-term gameplan remains leveraging the company's German foothold to make similar inroads into other European countries (Czechia, Portugal, the UK, Switzerland, and/or Poland to name a few), as related markets evolve, thereby further extending HITI's global scale and reach. Incremental deals are likely to be funded with cash plus stock (though the supply of attractive M&A targets seems more limited at the moment).

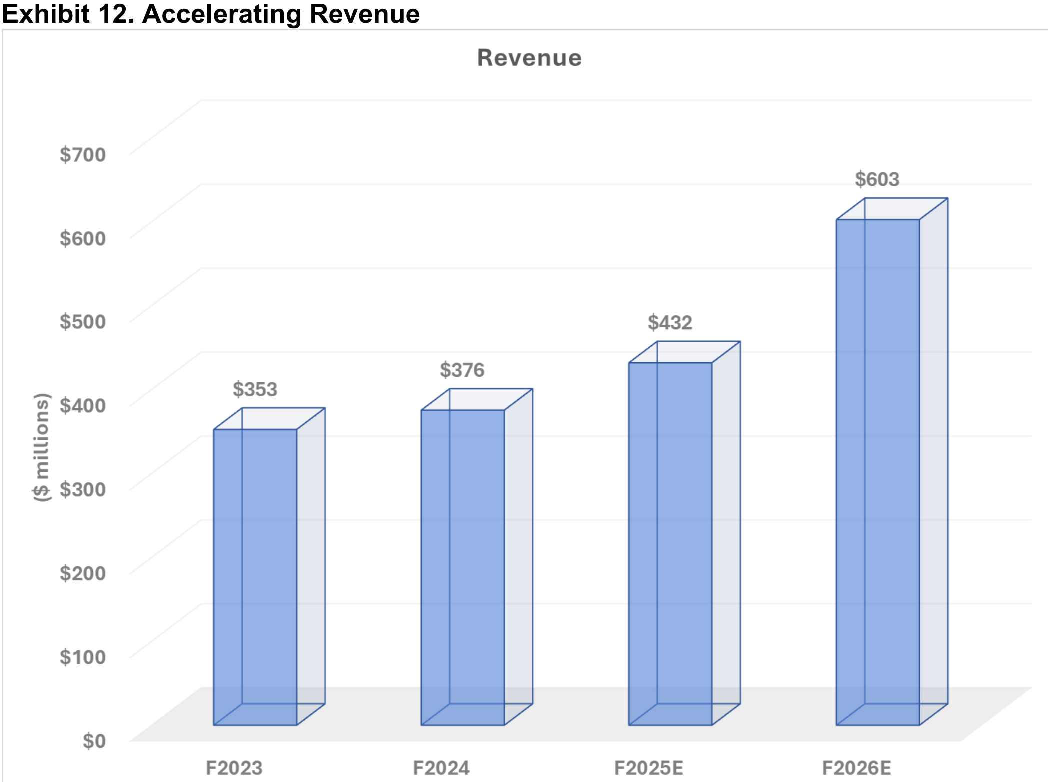
FINANCIAL OUTLOOK

While our model calls for modest net losses through the end of HITI's current fiscal year ended October 31, 2025, we project a favorable inflection next year, as EPS is projected to hit $0.09 in F2026 reflecting ongoing organic growth, as well as a full-year of accretion from Remexian, with further growth expected in F2027 and beyond as the business continues to scale.

Key modeling inputs include:

1. **Accelerating revenue growth:** For F2Q25 (Apr), HITI generated $99.7 million of total revenues, up 10% on a year-over-year basis, with organic growth of same-store sales along with new store contributions more than offsetting a decline in e-commerce revenue. Looking ahead, our model calls for a sharp step up in revenues following the recent closing of the Remexian investment, with strong growth in F2026 and beyond. More specifically, we forecast total revenues to rise from $376 million in F2024 to $432 million in F2025 and $603 million in F2026 (Exhibit 12). Our optimism primarily reflects continued organic growth (rising same-store sales and ongoing market share gains), a broader retail store footprint, with the company's store count likely approaching 300 over the next several years, and accelerating Remexian contributions.

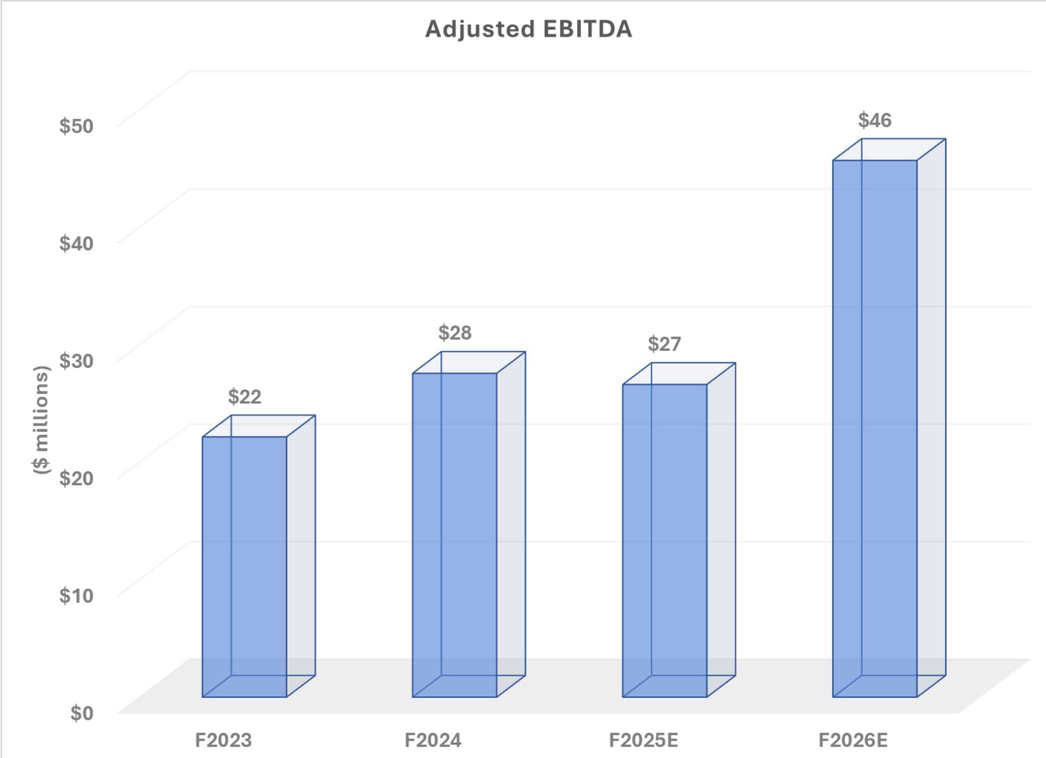
Exhibit 12. Accelerating Revenue



Source: Company reports and Zacks Small Cap Research estimates and calculations.

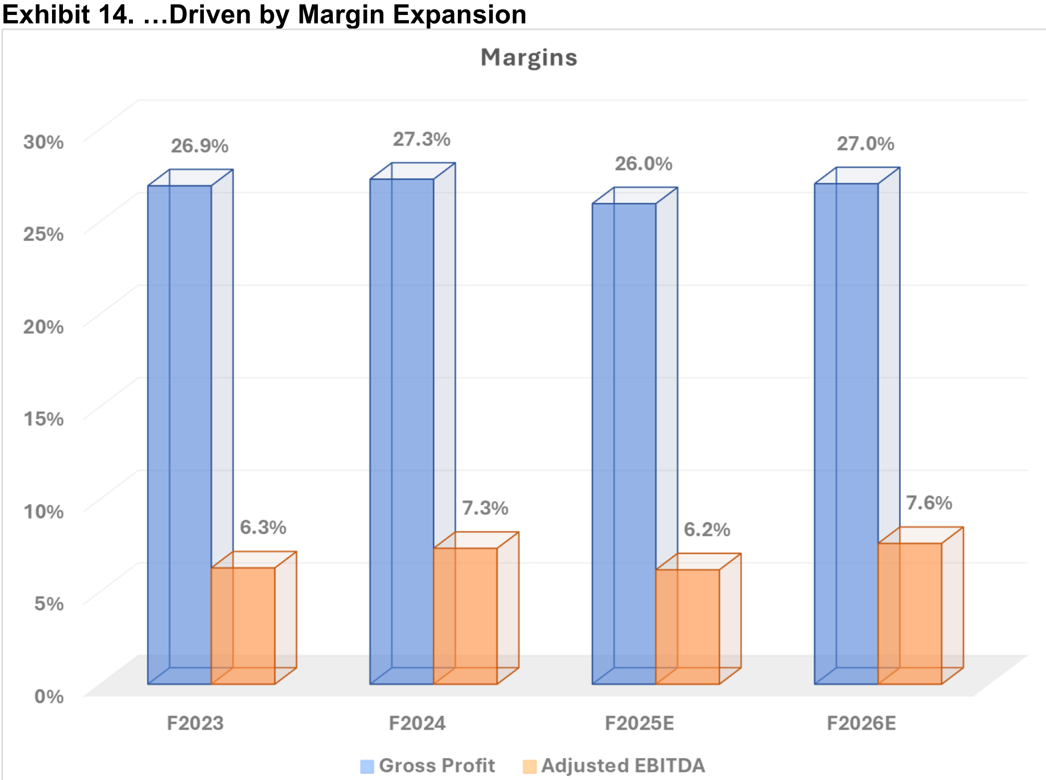
2. **Rising margins:** Focusing on Adjusted EBITDA, which excludes transaction costs, other non-recurring items, and stock-based compensation expenses, we forecast a step up in related growth in F2026 (Exhibit 13) fueled in part by rising margins. To the point, our model calls for Adjusted EBITDA margins to expand by 260 bps from 5.0% in F1Q25 to 7.6% in F2026 (Exhibit 14). Beyond strong revenue growth, key drivers likely include steady gross margins, rising economies of scale (we forecast total expenses as a percentage of revenue to continue to decline from 28%+ in F2023 to 24.5% looking out to F2026), particularly as it relates to incremental headcount needs, ongoing expense management/resource optimization, accelerating growth across higher-margin initiatives (i.e., white label and ELITE memberships), and stepped-up e-commerce sales volumes.

Exhibit 13. Strong Growth in Adjusted EBITDA…



Source: Company reports and Zacks Small Cap Research estimates and calculations.

Exhibit 14. …Driven by Margin Expansion



Source: Company reports and Zacks Small Cap Research estimates and calculations.

Looking longer-term, we see a clear pathway for HITI to reach a $900+ million of revenue run-rate. As shown in Exhibit 15, our revenue starting point of $472 million is based on our F3Q25 estimate (annualized) and a €100 million LTM run-rate for Remexian (51% stake). Next, we assume a 7% organic growth rate for legacy HITI reflecting steady SSS growth, ongoing market share gains, stabilizing pricing trends, and rising revenue/store. Furthermore, our back-of-the-envelope math layers in 25 new stores per year (aligning with current management guidance), each generating $2.17 million of revenue – consistent with management's thinking (Exhibit 16). Finally, we build in 10% growth for Remexian driven by accelerating demand trends in Germany and rising imports (particularly from Canada).

Exhibit 15. Pathway to USD $900M of Revenue Even Assuming Seemingly Conservative Forecasts…
($ millions)

Revenue	Current (1)	Year 1	Year 2	Year 3	Year 4	Year 5
Organic Growth (2)	$431	$461	$493	$528	$565	$604
Store Count (3)	207	232	257	282	307	332
Incremental Revenue		*$54*	*$109*	*$163*	*$217*	*$271*
Remexian (4)	$42	$46	$51	$56	$62	$68
Totals	**$473**	**$562**	**$653**	**$747**	**$843**	**$943**
Growth Rate		*18.7%*	*16.2%*	*14.4%*	*13.0%*	*11.8%*

(1) Based on our F3Q25 estimate annualized for HITI and €100 million LTM run-rate for Remexian (51% stake). (2) We assume a 7% growth rate reflecting steady SSS growth, ongoing market share gains, stabilizing pricing trends, and rising revenue/store. (3) We assume 25 new stores per year generating USD $2.17 million of revenue per store. (4) We assume a 10% growth rate reflecting accelerating demand trends in Germany and rising imports.
Source: Company reports and Zacks Small Cap Research estimates and calculations.

Exhibit 16. …And Management's Back-of-the-Envelope Math

	Current State[1]	Future State[2]	Change
Bricks-and-mortar			
# of stores	207	300	45%
Average revenue / store (MM)[3]	$2.8	$3.0	7%
Revenue (MM)	$580	$900	55%
Adjusted EBITDA Margin %	7.0%	9.0%	29%
Adjusted EBITDA (MM)	$41	$81	100%
E-commerce			
Revenue (MM)	$24	$48	100%
Adjusted EBITDA Margin %	-27.0%	6.0%	nmf (pos)
Adjusted EBITDA (MM)	$-6	$3	nmf (pos)
Consolidated			
Revenue (MM)	$604	$948	57%
Adjusted EBITDA Margin %	5.6%	8.8%	57%
Adjusted EBITDA (MM)	$34	$84	146%

Source: Company reports.

Turning to profitability, our math suggests EBITDA approaches $90 million over the next five years representing a 19% Compound Annual Growth Rate (CAGR). Similar to our top-line model, we start with our F3Q25 Adjusted EBITDA estimate (annualized) and add €15 million of contribution (51% stake) from Remexian based on the company's LTM run-rate (Exhibit 17). Next, we forecast Adjusted EBITDA growth of 10% per year for legacy HITI reflecting rising economies of scale, ongoing resource optimization, and a more favorable business mix. For Remexian, we layer in a 15% growth rate given accelerating operating leverage, stepped-up sourcing capabilities, a more favorable supply mix, and better procurement terms. Finally, we bake in 25 new stores per year generating USD $2.17 million of revenue per store at a 9% EBITDA margin.

Exhibit 17. Pathway to USD $90M of EBITDA
($ millions)

EBITDA	Current (1)	Year 1	Year 2	Year 3	Year 4	Year 5
Organic Growth (2)	$29	$32	$35	$39	$43	$47
Store Count (3)	207	232	257	282	307	332
Incremental EBITDA		*$5*	*$10*	*$15*	*$20*	*$24*
Remexian (4)	$9	$10	$12	$14	$16	$18
Totals	**$38**	**$47**	**$57**	**$67**	**$78**	**$89**
Growth Rate		*24.0%*	*20.4%*	*17.9%*	*16.1%*	*14.8%*

(1) Based on our F3Q25 estimate annualized for HITI and €15 million LTM run-rate for Remexian (51% stake). (2) We assume a 10% growth rate reflecting rising economies of scale, ongoing resource optimization, and a more favorable business mix. (3) We assume 25 new stores per year generating USD $2.17 million of revenue per store at a 9% EBITDA margin. (4) We assume a 15% growth rate reflecting rising economies of scale, stepped-up sourcing capabilities, a more favorable supply mix, and better procurement terms.
Source: Company reports and Zacks Small Cap Research estimates and calculations.

Strong Balance Sheet

To be sure, High Tide's strong balance sheet remains a key differentiating factor relative to most other U.S.-based cannabis operators that typically struggle to source capital to fund growth due to regulatory restrictions, with highly-dilutive financings often the only course of action. Put another way, the company maintains ample liquidity (~$37 million of cash following the recent $22 million loan agreement with Cronos Group [CRON] – a leading cannabis LP – as well as the $9.0 million upfront payment for Remexian based on our calculations) and steady free cash flow to fund organic growth initiatives (i.e., new store openings) and capitalize on accelerating consolidation trends across the industry should the right opportunities arise. Furthermore, the company recently filed a C$100 million shelf prospectus to provide additional financing flexibility/capacity.

Turning to the liabilities side, we estimate HITI currently maintains total debt of nearly $48 million inclusive of the recent Cronos convertible debt offering and the Remexian loan. Importantly, High Tide's debt profile remains generally favorable, with long-dated maturities. Moreover, we put HITI's debt-to-EBITDA ratio at approximately 1.5x based on ~$48 million of debt and our LTM EBITDA estimate through July 31, 2025, or well below leverage ratios for most peers, thereby reinforcing the company's balance sheet strength.

F3Q25 EARNINGS PREVIEW

Ahead of financial results for the fiscal third quarter ended July 31, 2025, to be announced on September 15, 2025, with a conference call at 11:30 AM ET on September 16, 2025 (888-510-2154), management recently pre-announced revenue, gross margin, and Adjusted EBITDA guidance ranges for the quarter (Exhibit 18). More specifically, senior officials expect:

- Revenues of $106 million to $108 million (based on the USD/CAD exchange rate as of 7/31/25), up approximately 13% on a year-over-year basis driven in part by same-store sales growth of 7.4% for the quarter – the highest level in the past two years;

- Gross profit of $28 million to $29 million, up 10%+ on a sequential quarter basis, and translating into a 26.4% gross margin (at the midpoints), up 70 bps compared to a gross margin of 25.7% in F2Q25 (Apr); and

- Adjusted EBITDA of $6.9 million to $7.7 million, up ~25% on a sequential-quarter basis, and translating into a 6.8% EBITDA margin (at the midpoints), up 90 bps from the 5.9% EBTIDA margin for the prior quarter.

Exhibit 18. F3Q25 Preliminary Guidance

	Management Guidance Range (Expressed in millions of Canadian Dollars)		Implied Sequential Quarter-over-Quarter Change		Implied Year-over-Year Change		Analyst Expectations[1] (Millions of Dollars CAD)		
	Low	High	Low	High	Low	High	Low	Consensus	High
Revenue	$147.0	$150.0	7%	9%	12%	14%	$145.8	$146.0	$146.3
Gross Margin	$38.5	$40.0	9%	13%	9%	13%	$37.7	$38.0	$38.3
Adjusted EBITDA[2]	$9.6	$10.6	19%	31%	0%	10%	$8.1	$8.4	$8.6

Notes:

1. Based on FactSet Reporting as at August 17, 2025; https://www.factset.com.
2. Adjusted Earnings before interest, taxes, depreciation, and amortization ("**EBITDA**"). This measure does not have a standardized meaning prescribed by International Financial Reporting Standards ("**IFRS**") and is, therefore, unlikely to be comparable to similar measures presented by other issuers. Non-IFRS measures provide investors with a supplemental measure of the Company's operating performance and, therefore, highlight trends in the Company's core business that may not otherwise be apparent when relying solely on IFRS measures. Management uses non-IFRS measures in measuring the financial performance of the Company.

Source: Company reports.

Importantly, F3Q25 guidance ranges were meaningfully above consensus estimates at the time of the preannouncement, suggesting the "Street" continues to underestimate (and undervalue) HITI's earnings power, while reinforcing our above-consensus forecasts looking out to next year.

MANAGEMENT TEAM

Raj Grover
<u>Founder, President & Chief Executive Officer</u>

Mr. Grover founded High Tide, and has served as President, Chief Executive Officer, and Executive Chairman of the Board since February 2018. Mr. Grover has overseen the growth of High Tide into Canada's largest cannabis retailer with 200+ locations and business operations across North America and Europe. In addition, Mr. Grover founded/co-founded several of High Tide's subsidiary companies including Valiant Distribution, Canna Cabana, and Famous Brandz.

Mayank Mahajan
<u>Chief Financial Officer</u>

Mr. Mahajan currently serves as High Tide's Chief Financial Officer. Prior to joining the company, Mr. Mayank held leadership roles at Everyday People Financial Corp, Metamaterial Inc., Jubilant Bhartiya Group, Genpact, and S.P. Nagrath & Co. Mr. Mahajan is a Chartered Professional Accountant in Canada, Certified Public Accountant in the United States, and a Chartered Accountant in India, and holds a Master of Business Administration (MBA) degree from Gonzaga University, as well as a Bachelor of Commerce degree from Chaudhury Charan Singh University in India.

Aman Sood
<u>Chief Operating Officer</u>

Mr. Sood has served as Chief Operating Officer since March 2021. Prior to joining the company, Mr. Sood held managerial roles at Meta Growth, NewLeaf Cannabis, Savers Value Village, and Zale Jewelers. Mr. Sood holds a Master of Business Administration (MBA) degree, as well as a Master's Certificate from the Cannabis Training University.

VALUATION – PERCEPTION VS. REALITY

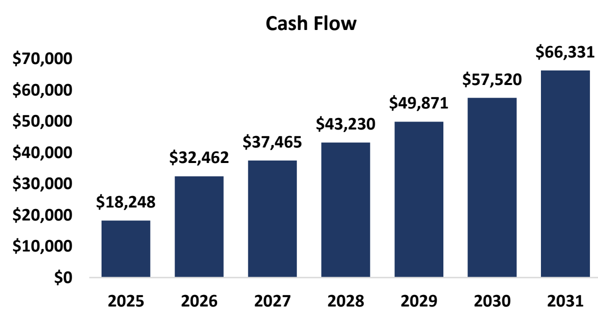
We are initiating coverage of High Tide with a price target of $6.00 representing meaningful upside potential from the stock's current levels. While sentiment on the cannabis sector here in the U.S. has certainly improved following President Trump's more recent comments indicating his administration was considering reclassifying marijuana as a Schedule III drug, absolute/relative performance of most U.S.-based cannabis company stocks remains inextricably linked to the prevailing narrative around potential regulatory reform in the U.S. **In contrast, we look for HITI's strong/improving fundamental story to increasingly resonate with (generalist) investors, thereby driving a material upward revaluation for the stock regardless of the regulatory backdrop.** Furthermore, should favorable regulatory reform materialize (particularly as it relates to federal rescheduling here in the U.S.), we would expect management to bring the company's unique discount club model south of the border in relatively short order (likely via an acquisition/investment) assuming HITI shares remain eligible to list on the Nasdaq. Historically, senior U.S. exchanges have banned listings of "plant-touching" companies. Even should marijuana be reclassified as a Schedule III drug, it remains unclear if the major exchanges will relax related standards.

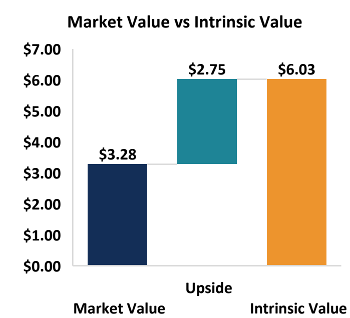
Turning to valuation, despite the stock's more recent outperformance, our DCF model still suggests a considerable disconnect between HITI's fundamentals and the stock's current price. As shown in Exhibit 19, key inputs include: 1) explicit EBIT forecasts through F2026; 2) slowing EBIT growth through the end of the forecast period; 3) a 12% discount rate; 4) a perpetual growth rate of 3% despite sustainably higher growth rates for the foreseeable future; and 5) an exit EV/EBITDA multiple of 5x.

Exhibit 19. HITI DCF Model

High Tide Inc.
DCF Model ($ 000s)

Assumptions	
Tax Rate	25%
Discount Rate	12%
Perpetual Growth	3%
EV/EBITDA Mulltiple	5.0x
Fiscal Year End	10/31/24
Current Price	3.28
Shares Outstanding	81,138
Debt	38,707
Cash	45,275
Capex	1,643





Source: Company reports.

As a crosscheck, we looked at peer valuation multiples to corroborate our DCF-based price target. To be sure, apples-to-apples comparisons for cannabis stocks remain challenging given varying regulatory backdrops and growth prospects across countries/states/provinces, not to mention diverging capital, liquidity, and profitability profiles. As shown in Exhibit 20, U.S.- and Canadian-based cannabis companies are currently trading at an average Enterprise Value (EV)-to-EBITDA multiple of 8.1x based on 2026 estimates. At present, we calculate HITI's Enterprise Value approximates $296 million, or just 6.5x our Adjusted EBITDA forecast for F2026 despite what we would argue are well-defined competitive advantages around scale, growth, profitability, and balance sheet metrics, as well as a more favorable regulatory backdrop. **In our minds, cannabis companies with steeper growth trajectories, higher revenue throughput, elevated margins, and stronger balance sheets warrant premium valuations, thereby suggesting meaningful upside for HITI assuming a more appropriate multiple.** More specifically, Canna Cabana stores currently generate C$2.6 million in annual revenues on average, or 2.3x the C$1.1 million run-rate for peers across the five provinces in which HITI operates, while maintaining elevated gross/EBITDA margins reflecting minimal shrink rates and prudent inventory management. Focusing on Ontario, Canna Cabana's relative revenue per store multiple swells to 3x peers after excluding stores open less than six months (still ramping up).

Exhibit 20. HITI Continues to at a Discount to Slower-Growth Cannabis Companies…

High Tide Inc.
Valuation Comps
($ millions)

Company	Ticker	9/8/25 Price	Mrkt Cap	Enterprise Value	EBITDA 2025E	EBITDA 2026E	Growth	EV/EBITDA 2025E	EV/EBITDA 2026E
Aurora Cannabis (1)	ACB	$4.84	$272	$275	$38	$42	10%	7.2x	6.6x
Cresco Labs	CRLBF	$1.19	$403	$820	$150	$163	9%	5.5x	5.0x
Curaleaf Holdings	CURLF	$2.93	$1,964	$3,200	$268	$311	16%	11.9x	10.3x
Green Thumb Industries	GTBIF	$8.12	$1,682	$2,260	$330	$339	3%	6.9x	6.7x
Jushi Holdings	JUSHF	$0.69	$136	$389	$49	$54	11%	8.0x	7.2x
TerrAscend Corp.	TSNDF	$0.78	$238	$475	$66	$73	11%	7.2x	6.5x
The Cannabist Company	CBSTF	$0.13	$62	$489	$37	$50	36%	13.2x	9.7x
Tilray Brands (1)	TLRY	$1.12	$1,232	$1,360	$65	$82	25%	20.8x	16.6x
Trulieve Cannabis Corp.	TCNNF	$7.50	$1,259	$1,870	$418	$413	-1%	4.5x	4.5x
Averages							**13%**	**9.5x**	**8.1x**
High Tide Inc.	**HITI**	**$3.28**	**$285**	**$296**	**$27**	**$46**	**72%**	**11.1x**	**6.5x**

(1) F2026 and F2027 estimates.
Source: Company reports and Zacks Small-Cap Research.

Taking it a step further, we would argue a more relevant comp group for HITI remains "blue-chip"/high-performing retailers, irrespective of the underlying product mix. Indeed, Canna Cabana's sales per square foot exceeded C$1,600 for F2Q25 (Apr) – well ahead of industry heavyweights including Walmart (WMT) and Target (TGT), and trailing only Costco (COST) and lululemon (LULU) – Exhibit 22. That said, HITI shares continue to trade at a fraction of the EV/EBITDA multiples most leading retailers command (Exhibit 21). While we recognize most companies on the list are significantly larger and more mature, with considerable infrastructure, resource, and financial advantages, HITI maintains a sizeable lead in terms of projected growth. **As such, we see even greater upside potential should HITI shares trade at a comparable (let alone a premium) multiple relative to high-performing retailers.**

Exhibit 21. …As Well as Other High-Performing Retailers…

High Tide Inc.
Valuation Comps
($ millions)

Company	Ticker	9/8/25 Price	Mrkt Cap	Enterprise Value	EBITDA 2025E	EBITDA 2026E	Growth	EV/EBITDA 2025E	EV/EBITDA 2026E
Costco Wholesale	COST	$971.85	$430,996	$420,790	$12,835	$14,107	10%	32.8x	29.8x
Dollarama (1) (2)	DOL	$189.32	$52,298	$56,910	$2,339	$2,603	11%	24.3x	21.9x
lululemon athletica (2)	C	$168.10	$19,074	$20,510	$2,688	$2,839	6%	7.6x	7.2x
Pet Valu (1)	PET	$39.12	$2,669	$3,440	$261	$281	8%	13.2x	12.2x
Target (2)	TGT	$91.50	$41,578	$58,400	$7,999	$8,257	3%	7.3x	7.1x
Walmart (2)	WMT	$102.28	$815,172	$865,230	$44,495	$48,761	10%	19.4x	17.7x
Averages							**8%**	**17.4x**	**16.0x**
High Tide Inc.	**HITI**	**$3.28**	**$285**	**$296**	**$27**	**$46**	**72%**	**11.1x**	**6.5x**

(1) In Canadian dollars.
(2) F2026 and F2027 estimates.
Source: Company reports and Zacks Small-Cap Research.

Exhibit 22. …Despite Market Leading Sales per Square Foot (SPSF)

Annualized Sales Per Sq. Ft.		
Retailer	**$/Sq Ft**	**Description**
Costco[1]	$2,594	Global membership based retailer
Yorkdale Shopping Centre[2]	$2,301	Canada's #1 mall by $/sq ft.
Lululemon[3]	$2,171	Activewear, loungewear & footwear retailer
Canna Cabana[4]	$1,648	Canada's leading cannabis retailer
CF Toronto Eaton Centre[2]	$1,500	Canada's #2 mall by $/sq ft.
Wal-Mart[5]	$884	Leading global omnichannel retailer
Target[6]	$544	Leading general merchandise retailer
Canadian Tire[7]	$496	Automotive, playing, fixing, seasonal & living retailer
Mark's[7]	$409	Casual clothing and workwear retailer
Pet Valu[8]	$400	Pet specialty retailer
Dollarama[9]	$373	Canadian value retailer
Sportchek[7]	$315	Canada's largest sports retailer

[1] For the fiscal year ended September 1, 2024.
[2] Per International Council of Shopping Centres - Retail Insider article dated April 15, 2025.
[3] For the fiscal year ended Jan 28, 2024.
[4] Canna Cabana for the quarter ended April 30, 2025.
[5] For the quarter ended April 30, 2025.
[6] For the quarter ended May 3, 2025.
[7] For the quarter ended March 29, 2025.
[8] Per third-party analysis.
[9] For the quarter ended May 4, 2025.
Source: Company reports.

INVESTMENT RISKS

1. **Regulatory uncertainty:** While the distribution and sale of medical and adult-use cannabis, cannabis products, and cannabis accessories is permitted at the Federal level in Canada via legally mandated licenses under the Cannabis Act of 2018, High Tide's business operations along with the company's domestic expansion efforts could be meaningfully impacted by adverse regulatory changes. Furthermore, the company must adhere to inconsistent laws and regulations governing the sale and distribution of cannabis products across the five provinces in which HITI maintains retail locations.

   Stepping back, any initiatives to enter the U.S. market would require considerable time, resources, and infrastructure to conform related operations to the shifting regulatory framework. At present, the U.S. cannabis regulatory landscape remains challenging characterized by ongoing bans at the federal level, a patchwork of differing rules and regulations across states, and continual competition from the black market. More specifically, the federal Controlled Substances Act (CSA) criminalizes the manufacture, sale, and distribution of Schedule I drugs including marijuana, while the Bank Secrecy Act (BSA) requires depository and other financial institutions to ensure clients refrain from engaging in unlawful behavior, including the sales of marijuana, as well as maintain Anti-Money Laundering (AML) programs. As such, cannabis operators often struggle to access traditional financial services and funding from banking institutions, thereby driving elevated operating expenses and higher costs of capital, all else equal.

2. **Rising competition:** The cannabis industry remains highly fragmented, with 3,600+ (and counting in light of ongoing applications for Retail Store Authorizations) licensed recreational cannabis retail stores across Canada (along with the unregulated illicit market). As such, competition remains fierce, with market shares rolling up to companies that can increasingly leverage high-quality supply from Licensed Producers (LPs), diversified/innovative product sets, broader retail distribution, more cost-effective marketing initiatives, and improving operational efficiencies. While HITI remains amongst the largest cannabis retailers in terms of number of stores, revenue, and market shares across the provinces in which the company operates, select competitors, particularly scale-enabled, vertically-integrated operators and government wholesalers, may be able to leverage greater financial resources, broader customer relationships, and/or longer operating histories. Rising competition likely necessitates stepped-up investments in research and development, marketing/advertising, and infrastructure, as well as strategic initiatives to further expand the company's product/distribution footprints to maintain market shares.

3. **Wholesale pricing volatility:** One of the byproducts of rising competition and oversupply has been pricing pressure, with the price of cannabis directly impacting HITI's revenues, gross profits, and earnings. Furthermore, wholesale pricing remains highly influenced by cultivation conditions, inflationary pressures, the macroeconomic backdrop, shifting demand trends, and/or regulatory changes, with any disruptions in the supply chain likely impairing HITI's economics. That said, wholesale pricing trends in Canada have stabilized more recently, and as a low-cost retailer, HITI is less dependent on pricing to drive revenue growth.

4. **Reliance on Licensed Producers/government wholesalers:** As alluded to earlier, HITI sales remain dependent on sourcing high-quality cannabis and related products from LPs in a cost-effective manner via government wholesalers. Moreover, proficient supply chain management involves promptly meeting shifting demand trends to minimize related carrying costs. As such, any material disruptions in the cultivation of cannabis products and/or related economics for LPs (including rising costs or less favorable contract terms) could have an adverse effect on HITI's business.

5. **M&A integration/financing:** Over the years, HITI has completed a number of acquisitions to enhance/extend the company's footprint. All transactions carry meaningful execution and operational risks, particularly assuming accounting/finance, human resources, legal, and other back-office functions are consolidated post-acquisition. Looking ahead, management remains focused on potentially capitalizing on incremental M&A opportunities (at attractive valuations). That said, shareholders likely risk dilution, assuming prospective deals are at least partially financed with equity. To be sure, 40%+ of the purchase price of High Tide's recently closed acquisition of Remexian in Germany was financed by the issuance of HITI common shares, with the residual ~60% of the consideration in the form of upfront cash and the assumption of Remexian loans.

PROJECTED INCOME STATEMENT (CDN)

High Tide Inc.
(CDN in thousands)

	Quarterly								Annual				Y/Y Growth		
	F1Q24	F2Q24	F3Q24	F4Q24	F1Q25	F2Q25	F3Q25E	F4Q25E	F2023	F2024	F2025E	F2026E	F2024	F2025E	F2026E
	Jan-24	Apr-24	Jul-24	Oct-24	Jan-25	Apr-25	Jul-25	Oct-25	Oct-23	Oct-24	Oct-25	Oct-26	Oct-24	Oct-25	Oct-26
Revenue															
Cannabis and CBD products	108,908	107,959	115,667	120,258	123,619	120,051	130,856	148,368	416,512	452,792	522,894	751,749	9%	15%	44%
Consumption accessories	11,378	7,323	6,972	7,128	7,544	6,415	6,543	6,674	43,744	32,801	27,176	28,832	-25%	-17%	6%
Data analytics, advertising and other revenue	7,782	8,977	9,046	10,908	11,298	11,338	11,565	11,796	27,413	36,713	45,997	50,959	34%	25%	11%
Total Revenue	**128,068**	**124,259**	**131,685**	**138,294**	**142,461**	**137,804**	**148,964**	**166,838**	**487,669**	**522,306**	**596,067**	**831,540**	**7%**	**14%**	**40%**
Cost of Sales	(92,074)	(88,960)	(96,231)	(102,539)	(107,021)	(102,333)	(109,577)	(122,392)	(356,355)	(379,804)	(441,324)	(606,690)	NM	NM	NM
Gross Profit	35,994	35,299	35,454	35,755	35,440	35,471	39,386	44,446	131,314	142,502	154,743	224,850	9%	9%	45%
Expenses															
Salaries, wages and benefits	(15,903)	(15,429)	(16,667)	(17,083)	(17,581)	(17,476)	(18,593)	(20,491)	(56,798)	(65,082)	(74,141)	(100,465)	NM	NM	NM
Share-based compensation	(795)	(549)	(881)	(750)	(1,175)	(1,250)	(1,351)	(1,513)	(5,034)	(2,975)	(5,290)	(7,543)	NM	NM	NM
General and administration	(5,606)	(5,559)	(4,815)	(5,856)	(6,563)	(5,768)	(6,235)	(6,983)	(26,888)	(21,836)	(25,549)	(34,805)	NM	NM	NM
Professional fees	(2,071)	(1,995)	(1,749)	(1,919)	(1,809)	(1,690)	(1,827)	(2,046)	(8,350)	(7,734)	(7,372)	(10,198)	NM	NM	NM
Advertising and promotion	(822)	(1,154)	(1,178)	(1,012)	(912)	(1,030)	(1,113)	(1,247)	(4,144)	(4,166)	(4,302)	(6,215)	NM	NM	NM
Depreciation and amortization	(6,848)	(7,505)	(5,678)	(5,362)	(5,847)	(5,880)	(6,356)	(7,119)	(32,761)	(25,393)	(25,202)	(35,481)	NM	NM	NM
Impairment loss net of recovery				(4,964)			0	0	(34,265)	(4,964)	0	0	NM	NM	NM
Interest and bank charges	(1,157)	(1,121)	(1,431)	(1,640)	(1,486)	(1,445)	(1,562)	(2,049)	(4,499)	(5,349)	(6,542)	(9,919)	NM	NM	NM
Total Expenses	**(33,202)**	**(33,312)**	**(32,399)**	**(38,586)**	**(35,373)**	**(34,539)**	**(37,038)**	**(41,449)**	**(172,739)**	**(137,499)**	**(148,399)**	**(204,627)**	**NM**	**NM**	**NM**
Operating Income/(Loss)	**2,792**	**1,987**	**3,055**	**(2,831)**	**67**	**932**	**2,348**	**2,997**	**(41,425)**	**5,003**	**6,344**	**20,223**	**NM**	**27%**	**219%**
Gain on extinguishment of financial liability	(235)	314		0	0	0	0	0	0	79	0	0	NM	-100%	NM
Gain on extinguishment of put option liability				885			0	0	0	885	0	0	NM	-100%	NM
Loss on revaluation of marketable securities	(77)	0	(12)	0	0	0	0	0	40	(89)	0	0	-323%	NM	NM
Finance and other costs	(2,258)	(3,026)	(1,693)	(3,081)	(2,731)	(3,566)	(3,598)	(4,076)	(9,727)	(10,058)	(13,972)	(9,869)	NM	NM	NM
Gain on revaluation of put option liability	300	110	159	88	0	0	0	0	1,932	657	0	0	-66%	-100%	NM
(Loss) gain on foreign exchange	(5)	5	(19)	(5)	13	(114)	0	0	134	(24)	(101)	0	-118%	NM	NM
Other loss	0	(337)	6	(11)	0	(42)	0	0	(55)	(342)	(42)	0	NM	NM	NM
Gain (loss) on debentures	(755)	240	0	0	0	0	0	0	505	(515)	0	0	-202%	NM	NM
Pre-Tax Income/(Loss)	**(238)**	**(707)**	**1,496**	**(4,955)**	**(2,651)**	**(2,790)**	**(1,250)**	**(1,079)**	**(48,596)**	**(4,404)**	**(7,770)**	**10,354**	**NM**	**NM**	**NM**
Income tax (expense) recovery	(241)	236	(303)	(293)	(38)	(46)	(21)	(18)	922	(601)	(122)	171	-165%	NM	NM
Deferred income tax recovery	474	642	(368)	446	0	0	0	0	6,722	1,194	0	0	-82%	-100%	NM
Net Income/(Loss)	**(5)**	**171**	**825**	**(4,802)**	**(2,689)**	**(2,836)**	**(1,271)**	**(1,097)**	**(40,952)**	**(3,811)**	**(7,893)**	**10,524**	**NM**	**NM**	**NM**
Translation difference on foreign subsidiary	(737)	1,169	100	1,059	881	(1,044)	0	0	2,027	1,591	(163)	0	-22%	-110%	NM
Net comprehensive gain/(loss)	(742)	1,340	925	(3,743)	(1,808)	(3,880)	(1,271)	(1,097)	(38,925)	(2,220)	(8,056)	10,524	NM	NM	NM
Earnings per share, diluted	**($0.00)**	**$0.00**	**$0.01**	**($0.06)**	**($0.03)**	**($0.04)**	**($0.02)**	**($0.01)**	**($0.55)**	**($0.05)**	**($0.10)**	**$0.12**	**NM**	**NM**	**NM**
Weighted average shares outstanding, basic	78,150	78,981	80,390	80,707	80,875	80,936	81,138	85,251	74,329	79,557	82,050	85,677	7%	3%	4%
Weighted average shares outstanding, diluted			81,096									86,382	NM	NM	NM
Net (loss) Income	(5)	171	825	(4,802)	(2,689)	(2,836)	(1,271)	(1,097)	(40,952)	(3,811)	(7,893)	10,524	NM	NM	NM
Income/deferred tax recovery (expense)	(233)	(878)	671	(153)	38	46	21	18	(7,644)	(593)	122	(171)	NM	NM	-239%
Accretion and interest	1,743	1,712	1,681	2,308	2,101	1,950	1,950	2,395	7,136	7,444	8,396	9,869	4%	13%	18%
Depreciation and amortization	6,848	7,505	5,678	5,362	5,847	5,880	6,356	7,119	32,761	25,393	25,202	35,481	-22%	-1%	41%
EBITDA	**8,353**	**8,510**	**8,855**	**2,715**	**5,297**	**5,040**	**7,056**	**8,435**	**(8,699)**	**28,433**	**25,828**	**55,704**	**NM**	**-9%**	**116%**
Foreign exchange loss (gain)	5	(5)	19	5	(13)	114	0	0	(134)	24	101	0	NM	321%	-100%
Transaction and acquisition costs	515	1,314	12	773	630	1,616	1,648	1,681	2,591	2,614	5,576	0	1%	113%	-100%
Loss (gain) revaluation of put option liability	(300)	(110)	(159)	(88)	0	0	0	0	(1,932)	(657)	0	0	NM	NM	NM
Other loss (gain)	0	337	(6)	11	0	42	0	0	55	342	42	0	522%	-88%	-100%
Loss (gain) on extinguishment of debenture	0	0	0	(885)	0	0	0	0	0	(885)	0	0	NM	NM	NM
Impairment loss	0	0	0	4,964	0	0	0	0	34,265	4,964	0	0	-86%	-100%	NM
Share-based compensation	795	549	881	750	1,175	1,250	1,351	1,513	5,034	2,975	5,290	7,543	-41%	78%	43%
Loss (gain) on revaluation of marketable securities	77	0	12	0	0	0	0	0	(40)	89	0	0	NM	-100%	NM
Loss (gain) on revaluation of debenture	755	(240)	0	0	0	0	0	0	(505)	515	0	0	NM	-100%	NM
Loss (gain) on extinguishment of financial liability	235	(314)	0	0	0	0	0	0	0	(79)	0	0	NM	NM	NM
Adjusted EBITDA	**10,435**	**10,041**	**9,614**	**8,245**	**7,089**	**8,062**	**10,056**	**11,629**	**30,635**	**38,335**	**36,836**	**63,247**	**25%**	**-4%**	**72%**

Source: Company reports and Zacks SCR estimates and calculations.

PROJECTED INCOME STATEMENT (USD)

High Tide Inc.
($ thousands)

	Quarterly								Annual				Y/Y Growth		
	F1Q24	F2Q24	F3Q24	F4Q24	F1Q25	F2Q25	F3Q25E	F4Q25E	F2023	F2024	F2025E	F2026E	F2024	F2025E	F2026E
	Jan-24	Apr-24	Jul-24	Oct-24	Jan-25	Apr-25	Jul-25	Oct-25	Oct-23	Oct-24	Oct-25	Oct-26	Oct-24	Oct-25	Oct-26
Revenue															
Cannabis and CBD products	81,262	78,992	83,514	86,467	85,296	86,824	94,651	107,529	301,187	325,562	378,963	544,825	8%	16%	44%
Consumption accessories	8,490	5,358	5,034	5,125	5,205	4,639	4,733	4,837	31,632	23,584	19,696	20,896	-25%	-16%	6%
Data analytics, advertising and other revenue	5,807	6,568	6,531	7,843	7,795	8,200	8,365	8,549	19,823	26,397	33,336	36,932	33%	26%	11%
Total Revenue	**95,559**	**90,919**	**95,079**	**99,435**	**98,296**	**99,663**	**107,749**	**120,915**	**352,642**	**375,544**	**431,995**	**602,653**	**6%**	**15%**	**40%**
Cost of Sales	(68,702)	(65,091)	(69,481)	(73,727)	(73,843)	(74,010)	(79,260)	(88,703)	(257,687)	(273,083)	(319,846)	(439,694)	NM	NM	NM
Gross Profit	26,857	25,828	25,599	25,708	24,453	25,653	28,489	32,212	94,956	102,460	112,149	162,958	8%	9%	45%
Expenses															
Salaries, wages and benefits	(11,866)	(11,289)	(12,034)	(12,283)	(12,131)	(12,639)	(13,449)	(14,850)	(41,072)	(46,795)	(53,733)	(72,811)	NM	NM	NM
Share-based compensation	(593)	(402)	(636)	(539)	(811)	(904)	(977)	(1,097)	(3,640)	(2,139)	(3,834)	(5,467)	NM	NM	NM
General and administration	(4,183)	(4,067)	(3,477)	(4,211)	(4,528)	(4,172)	(4,510)	(5,061)	(19,443)	(15,700)	(18,517)	(25,225)	NM	NM	NM
Professional fees	(1,545)	(1,460)	(1,263)	(1,380)	(1,248)	(1,222)	(1,321)	(1,483)	(6,038)	(5,561)	(5,343)	(7,391)	NM	NM	NM
Advertising and promotion	(613)	(844)	(851)	(728)	(629)	(745)	(805)	(904)	(2,997)	(2,995)	(3,118)	(4,504)	NM	NM	NM
Depreciation and amortization	(5,110)	(5,491)	(4,100)	(3,855)	(4,034)	(4,253)	(4,598)	(5,159)	(23,690)	(18,258)	(18,265)	(25,715)	NM	NM	NM
Impairment loss net of recovery	0	0	0	(3,569)	0	0	0	0	(24,778)	(3,569)	0	0	NM	NM	NM
Interest and bank charges	(863)	(820)	(1,033)	(1,179)	(1,025)	(1,045)	(1,130)	(1,485)	(3,253)	(3,846)	(4,742)	(7,189)	NM	NM	NM
Total Expenses	**(24,774)**	**(24,374)**	**(23,393)**	**(27,744)**	**(24,407)**	**(24,979)**	**(26,791)**	**(30,040)**	**(124,911)**	**(98,863)**	**(107,551)**	**(148,302)**	**NM**	**NM**	**NM**
Operating Income/(Loss)	**2,083**	**1,454**	**2,206**	**(2,036)**	**46**	**674**	**1,698**	**2,172**	**(29,955)**	**3,597**	**4,598**	**14,657**	**NM**	**28%**	**219%**
Gain on extinguishment of financial liability	(175)	230	0	0	0	0	0	0	0	57	0	0	NM	-100%	NM
Gain on extinguishment of put option liability	0	0	0	636	0	0	0	0	0	636	0	0	NM	-100%	NM
Loss on revaluation of marketable securities	(57)	0	(9)	0	0	0	0	0	29	(64)	0	0	-321%	NM	NM
Finance and other costs	(1,685)	(2,214)	(1,222)	(2,215)	(1,884)	(2,579)	(2,603)	(2,954)	(7,034)	(7,232)	(10,126)	(7,153)	NM	NM	NM
Gain on revaluation of put option liability	224	80	115	63	0	0	0	0	1,397	472	0	0	-66%	-100%	NM
(Loss) gain on foreign exchange	(4)	4	(14)	(4)	9	(82)	0	0	97	(17)	(73)	0	-118%	NM	NM
Other loss	0	(247)	4	(8)	0	(30)	0	0	(40)	(246)	(30)	0	NM	NM	NM
Gain (loss) on debentures	(563)	176	0	0	0	0	0	0	365	(370)	0	0	-201%	NM	NM
Pre-Tax Income/(Loss)	**(178)**	**(517)**	**1,080**	**(3,563)**	**(1,829)**	**(2,018)**	**(904)**	**(782)**	**(35,141)**	**(3,167)**	**(5,631)**	**7,504**	**NM**	**NM**	**NM**
Income tax (expense) recovery	(180)	173	(219)	(211)	(26)	(33)	(15)	(13)	667	(432)	(89)	124	-165%	NM	NM
Deferred income tax recovery	354	470	(266)	321	0	0	0	0	4,861	858	0	0	-82%	-100%	NM
Net Income/(Loss)	**(4)**	**125**	**596**	**(3,453)**	**(1,855)**	**(2,051)**	**(919)**	**(795)**	**(29,613)**	**(2,740)**	**(5,720)**	**7,627**	**NM**	**NM**	**NM**
Translation difference on foreign subsidiary	(550)	855	72	761	608	(755)	0	0	1,466	1,144	(118)	0	-22%	-110%	NM
Net comprehensive gain/(loss)	(554)	980	668	(2,691)	(1,247)	(2,806)	(919)	(795)	(28,147)	(1,596)	(5,838)	7,627	NM	NM	NM
Earnings per share, diluted	**($0.00)**	**$0.00**	**$0.01**	**($0.04)**	**($0.02)**	**($0.03)**	**($0.01)**	**($0.01)**	**($0.40)**	**($0.03)**	**($0.07)**	**$0.09**	**NM**	**NM**	**NM**
Weighted average shares outstanding, basic	78,150	78,981	80,390	80,707	80,875	80,936	81,138	85,251	74,329	79,557	82,050	85,677	7%	3%	4%
Weighted average shares outstanding, diluted			81,096									86,382	NM	NM	NM
Net (loss) Income	(4)	125	596	(3,453)	(1,855)	(2,051)	(919)	(795)	(29,613)	(2,740)	(5,720)	7,627	NM	NM	NM
Income/deferred tax recovery (expense)	(174)	(642)	484	(110)	26	33	15	13	(5,528)	(426)	89	(124)	NM	NM	-239%
Accretion and interest	1,301	1,253	1,214	1,659	1,450	1,410	1,410	1,736	5,160	5,352	6,085	7,153	4%	14%	18%
Depreciation and amortization	5,110	5,491	4,100	3,855	4,034	4,253	4,598	5,159	23,690	18,258	18,265	25,715	-23%	0%	41%
EBITDA	**6,233**	**6,227**	**6,394**	**1,952**	**3,655**	**3,645**	**5,104**	**6,113**	**(6,290)**	**20,444**	**18,719**	**40,371**	**NM**	**-8%**	**116%**
Foreign exchange loss (gain)	4	(4)	14	4	(9)	82	0	0	(97)	17	73	0	NM	324%	-100%
Transaction and acquisition costs	384	961	9	556	435	1,169	1,192	1,219	1,874	1,879	4,041	0	0%	115%	-100%
Loss (gain) revaluation of put option liability	(224)	(80)	(115)	(63)	0	0	0	0	(1,397)	(472)	0	0	NM	NM	NM
Other loss (gain)	0	247	(4)	8	0	30	0	0	40	246	30	0	518%	-88%	-100%
Loss (gain) on extinguishment of debenture	0	0	0	(636)	0	0	0	0	0	(636)	0	0	NM	NM	NM
Impairment loss	0	0	0	3,569	0	0	0	0	24,778	3,569	0	0	-86%	-100%	NM
Share-based compensation	593	402	636	539	811	904	977	1,097	3,640	2,139	3,834	5,467	-41%	79%	43%
Loss (gain) on revaluation of marketable securities	57	0	9	0	0	0	0	0	(29)	64	0	0	NM	-100%	NM
Loss (gain) on revaluation of debenture	563	(176)	0	0	0	0	0	0	(365)	370	0	0	NM	-100%	NM
Loss (gain) on extinguishment of financial liability	175	(230)	0	0	0	0	0	0	0	(57)	0	0	NM	NM	NM
Adjusted EBITDA	**7,786**	**7,347**	**6,942**	**5,928**	**4,891**	**5,831**	**7,273**	**8,428**	**22,153**	**27,563**	**26,697**	**45,838**	**24%**	**-3%**	**72%**

Source: Company reports and Zacks SCR estimates and calculations.

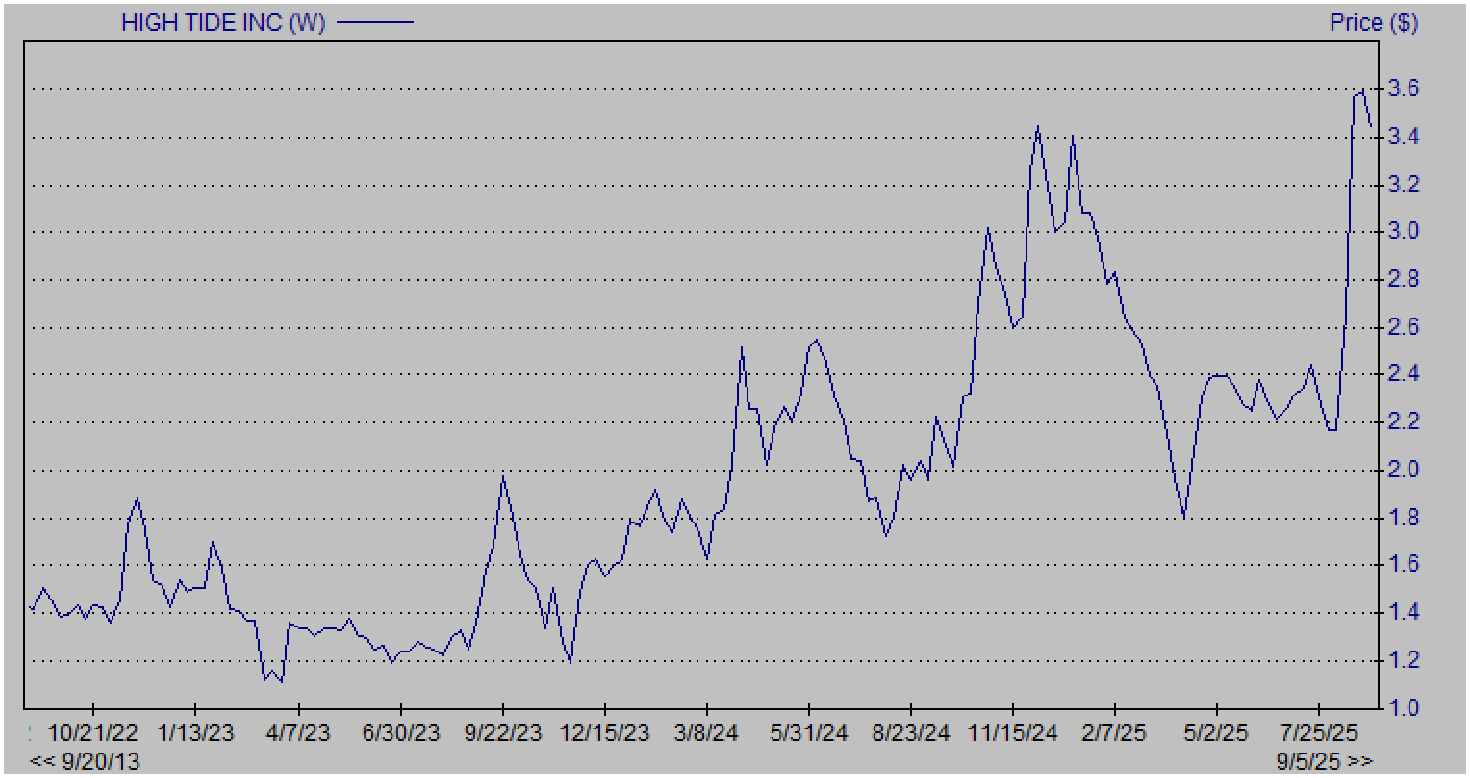
PROJECTED BALANCE SHEET (CDN)

High Tide Inc.
(CDN in thousands)

	Quarterly								Annual				Y/Y Growth		
	F1Q24	F2Q24	F3Q24	F4Q24	F1Q25	F2Q25	F3Q25E	F4Q25E	F2023	F2024	F2025E	F2026E	F2024	F2025E	F2026E
	Jan-24	Apr-24	Jul-24	Oct-24	Jan-25	Apr-25	Jul-25	Oct-25	Oct-23	Oct-24	Oct-25	Oct-26	Oct-24	Oct-25	Oct-26
Assets															
Current Assets:															
Cash and cash equivalents	28,685	34,540	35,254	47,267	33,341	34,692	62,592	50,797	30,121	47,267	50,797	52,828	57%	7%	4%
Marketable securities	63	725	712	712	712	303	309	315	141	712	315	340	405%	-56%	8%
Trade and other receivables	4,476	4,104	2,637	3,308	3,463	2,752	2,807	2,863	7,573	3,308	2,863	3,092	-56%	-13%	8%
Inventory	25,444	28,115	29,068	29,338	30,397	28,226	28,791	29,366	25,974	29,338	29,366	31,716	13%	0%	8%
Prepaid expenses and deposits	6,614	4,895	8,001	5,164	5,819	8,062	8,223	8,388	4,836	5,164	8,388	9,059	7%	62%	8%
Total Current Assets	**65,282**	**72,379**	**75,672**	**85,789**	**73,732**	**74,035**	**102,722**	**91,729**	**68,645**	**85,789**	**91,729**	**97,036**	25%	7%	6%
Non-Current Assets:															
Property and equipment	27,142	27,208	28,040	27,471	28,173	28,496	29,066	29,647	27,321	27,471	29,647	32,019	1%	8%	8%
Right-of-use assets	33,342	34,521	35,099	36,525	37,661	35,565	36,276	37,002	30,643	36,525	37,002	39,962	19%	1%	8%
Long term prepaid expenses and deposits	2,102	2,206	2,311	3,607	3,630	3,325	3,392	3,459	3,307	3,607	3,459	3,736	9%	-4%	8%
Intangible assets and goodwill	99,440	98,148	97,339	92,816	92,467	90,559	88,748	86,973	103,485	92,816	86,973	80,015	-10%	-6%	-8%
Total Non-Current Assets	162,026	162,083	162,789	160,419	161,931	157,945	157,482	157,081	164,756	160,419	157,081	155,732	-3%	-2%	-1%
Total Assets	**227,308**	**234,462**	**238,461**	**246,208**	**235,663**	**231,980**	**260,203**	**248,810**	**233,401**	**246,208**	**248,810**	**252,768**	**5%**	**1%**	**2%**
Liabilities															
Current Liabilities:															
Accounts payables and accrued liabilities	16,141	21,193	20,597	22,150	21,893	22,112	22,333	22,556	20,902	22,150	22,556	23,459	6%	2%	4%
Income tax payable				1,659		1,691	1,691	1,691		1,659	1,691	1,691	NM	2%	0%
Deferred revenue	1,625	2,024	2,303	1,990	1,838	2,552	2,552	2,552	1,361	1,990	2,552	2,552	46%	28%	0%
Interest bearing loans and borrowings	15,364	14,565	13,744	12,891	11,997	11,052	10,831	10,614	16,141	12,891	10,614	9,765	-20%	-18%	-8%
Current portion of notes payable	12,592	14,223	14,230	13,974	724	279	279	279	136	13,974	279	279	10175%	-98%	0%
Convertible debentures	918	890					0	0	8,708	0		0	-100%	NM	NM
Current portion of lease liabilities	7,771	7,797	8,242	8,816	9,376	9,502	9,597	9,693	7,214	8,816	9,693	10,081	22%	10%	4%
Put option liability	3,375	1,130	973				0	0	3,675	0		0	-100%	NM	NM
Total Current Liabilities	57,786	61,822	60,089	61,480	45,828	47,188	47,283	47,386	58,137	61,480	47,386	47,827	6%	-23%	1%
Non-Current Liabilities:															
Notes payable	77	361	55	65	68	66	30,066	42,487	12,508	65	42,487	42,487	-99%	65265%	0%
Lease liabilities	28,589	29,791	30,155	31,391	32,328	30,307	30,610	30,916	27,823	31,391	30,916	32,153	13%	-2%	4%
Deferred tax liability	761	279	519	284	285	292	295	298	1,267	284	298	310	-78%	5%	4%
Secured Debentures	0	0	0	7,476	12,054	12,214	12,336	12,460	0	7,476	12,460	12,958	NM	67%	4%
Total Non-Current Liabilities	29,427	30,431	30,729	39,216	44,735	42,879	73,307	86,161	41,598	39,216	86,161	87,908	-6%	120%	2%
Total Liabilities	**87,213**	**92,253**	**90,818**	**100,696**	**90,563**	**90,067**	**120,590**	**133,547**	**99,735**	**100,696**	**133,547**	**135,734**	**1%**	**33%**	**2%**
Total Shareholders' Equity	**140,095**	**142,209**	**147,643**	**145,512**	**145,100**	**141,913**	**139,613**	**115,264**	**133,666**	**145,512**	**115,264**	**117,033**	**9%**	**-21%**	**2%**
Total Liabilities & Shareholders' Equity	**227,308**	**234,462**	**238,461**	**246,208**	**235,663**	**231,980**	**260,203**	**248,810**	**233,401**	**246,208**	**248,810**	**252,768**	**5%**	**1%**	**2%**

Source: Company reports and Zacks SCR estimates and calculations.

HISTORICAL STOCK PRICE



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