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Zacks Small-Cap Research

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High Tide Inc. (NASDAQ: HITI)

HITI: High Tide reports strong 3rd quarter results for the period ending 7/31/26 that exceeded our expectations.

Utilizing a Discounted Cash Flow process containing conservative estimates combined with other valuation methodologies, we believe HITI could be worth **US$5.00** per share.

Current Price (9/15/26)	US$2.54
Valuation	**US$5.00**

OUTLOOK

High Tide is the largest cannabis retailer in Canada operating 232 stores across Alberta, Ontario, Saskatchewan, BC, and Manitoba. Beyond traditional physical cannabis stores in Canada (*Canna Cabana*), the company markets Cannabidiol (CBD) and consumption accessories online across Canada, U.S., U.K. and Europe. More recently, HITI closed the acquisition of a 51% ownership stake in Remexian Pharma GmbH, a leading low-cost medical cannabis importer and wholesaler in Germany, which is a high-growth market. The outlook is for strong revenue growth going forward, both organically and through acquisitions.

SUMMARY DATA

52-Week High	**$4.06**
52-Week Low	**$2.02**
One-Year Return (%)	**-29.6**
Beta	**1.05**
Average Daily Volume (sh)	**567,586**
Shares Outstanding (mil)	**87.9**
Market Capitalization ($mil)	**$183**
Short Interest Ratio (days)	**1**
Institutional Ownership (%)	**14**
Insider Ownership (%)	**12**
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 2026 Estimate	**N/A**
P/E using 2027 Estimate	**21.4**

Risk Level	**Above Average**
Type of Stock	**Small Growth**
Industry	**Consumer Products**

ZACKS ESTIMATES

Revenue
(in millions of C$)

	Q1 (Jan)	**Q2** (Apr)	**Q3** (Jul)	**Q4** (Oct)	**Year** (Oct)
2024	$96 A	$91 A	$95 A	$99 A	$376 A
2025	$98 A	$100 A	$108 A	$117 A	$423 A
2026	$178 A	$179 A	$198 A	$202 E	$758 E
2027					$851 E

EPS / Loss Per Share

	Q1 (Jan)	**Q2** (Apr)	**Q3** (Jul)	**Q4** (Oct)	**Year** (Oct)
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 A	-$0.39 A	-$0.45 A
2026	$0.01 A	$0.00 A	$0.13 A	$0.03 E	$0.17 E
2027					$0.11 E

Quarterly revenues/EPS may not equal annual revenues/EPS due to rounding or non-controlling interest.

WHAT'S NEW

Source hightideinc.com

3rd Quarter Results (period ending July 31, 2026)

On September 14, 2026, High Tide released fiscal 3rd quarter results which set company records at almost all levels. Both business segments appear to be firing on all cylinders.

Revenue reached a record $198.8 million in the 3rd quarter, increasing 33% year-over-year and 11% sequentially, marking the fifth consecutive quarterly revenue record. Gross profit increased 32% year-over-year to a record $52.7 million, while gross margin remained stable at 27%.

Adjusted EBITDA rose 53% year-over-year and 17% sequentially to a record $16.2 million, with EBITDA margin reaching 8.2%, its highest level in 12 quarters. Operating income also hit a record $8.7 million, up 133% year-over-year and 43% sequentially, while net income reached a record $12.7 million versus $0.8 million a year ago.

The company continued to improve operating efficiency, with G&A expenses declining to 3.9% of revenue from 4.4% a year ago, and salaries, wages and benefits falling to 11.4% from 12.2%. Revenue and adjusted EBITDA growth also significantly outpaced share-count dilution, growing 2.5x and 3.9x faster than the average basic share count, respectively.

Cash flow from operations before working-capital changes reached a record $11.9 million, up 44% year-over-year and 36% sequentially. Free cash flow was $7.0 million, an increase from $1.5 million sequentially, despite an additional $4.2 million investment in working capital to support growth.

Cash and restricted cash totaled $47.1 million as of July 31, 2026, up from $36.5 million sequentially but below $63.8 million a year earlier. Net working capital was $48.4 million, and the current ratio was 1.5x. The company has $25 million in availability on its new Bank of Montreal credit line.

Segment & Operational Review – Retail

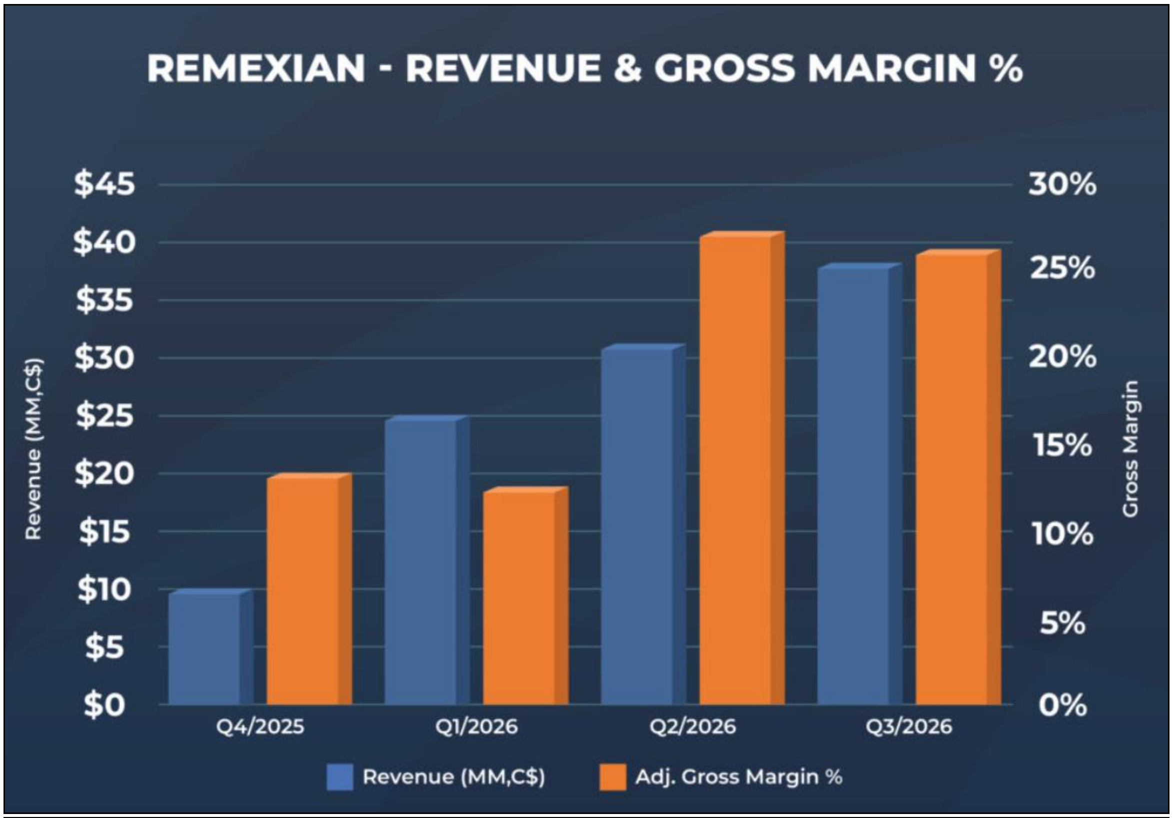
Canna Cabana remains Canada's largest cannabis retail chain with 232 locations and a 14% market share (excluding British Columbia), up from 13% a year ago. Cabana Club membership surpassed 2.73 million, up 27% year-over-year, while ELITE membership increased 62% to more than 186,000. We believe the average Canna Cabana store generates 1.8x the revenue of its peers.

3rd quarter same-store sales were roughly flat year-over-year, although sales turned positive in June and July, while same-store transaction volume increased 1.1%. Since launching its discount club model in 2021, Canna Cabana's same-store sales have risen 171%, compared with a 1% decline for the average operator. Over the 12 months through June 2026, industry sales in its five provinces grew 3%, versus 10% growth for Canna Cabana.

Operational performance also remained strong, with shrink at just 0.2%. Excluding newer stores still ramping, annualized sales reached $1,721 per square foot, highlighting Canna Cabana's strong store productivity and positioning it among leading international retailers.

Segment & Operational Review – Medical Cannabis

Remexian delivered record performance in the 3rd quarter, distributing 10.2 tonnes of medical cannabis into Germany, up 62% year-over-year and 35% sequentially. Revenue reached a record $38.2 million, up from $31.6 million in Q2, with a 26% gross margin.



Source hightideinc.com

Summary and Outlook

Physical Retail

Canna Cabana is the largest cannabis retail chain in Canada with 232 locations. Canna Cabana also owns and operates a location in Berlin, Germany, selling consumption accessories. The company reiterates its long-term goal of surpassing 350 locations across Canada and opening over 20 locations in calendar 2026, mostly through organic growth, while also evaluating tuck-in acquisitions of various sizes.

White Label Initiatives

High Tide continues to expand its white label cannabis product portfolio under its flagship Queen of Bud and Cabana Cannabis brands, increasing SKUs from 41 to 48 compared to Q2. The company is also developing several new offerings to further develop its white label portfolio. Currently, white label cannabis SKUs represent approximately 1.9% of physical retail cannabis sales. Over the long term, the company anticipates significant growth in its white label portfolio.

Cabana Club & ELITE

The Cabana Club and ELITE loyalty programs remain the largest cannabis loyalty programs in the world and continue to expand at a rapid pace across Canada. Cabana Club membership has now surpassed 2.73 million members in Canada, which is up 27% in the past year. Over the long term the company anticipates exceeding 3 million Cabana Club members in Canada. ELITE, the paid membership tier now exceeds 186,000 members in Canada after growing by 62% compared to last year with additional members being onboarded daily.

Europe

High Tide's German medical cannabis subsidiary, Remexian Pharma GmbH, has continued to gain momentum since the company acquired a majority stake, with market share rising from 6.5% to 10.5% in the first six months post-transaction. While industry data is unavailable, Remexian's shipments have increased 44% since the three months ended March 31, 2026. Management believes Remexian is well positioned to sustain and potentially expand its German market share, supported by strong Canadian supply relationships and continued growth in Germany's medical cannabis sector. Record Q3 distribution volumes further demonstrate this momentum and, assuming the regulatory framework remains largely unchanged, could signal the business's growth potential in coming quarters. The company is also evaluating opportunities in other European markets while remaining strategic about expansion to maximize shareholder value. The company disclosed it has been having conversations with operators in the U.K.

United States

The company's conviction in the long-term opportunity for its U.S. hemp-derived CBD subsidiaries continues to be reinforced by evolving federal policy. As a founding member of the U.S. National Compassionate Care Council, the company and NuLeaf Naturals remain focused on shaping medical cannabis policy and expanding access to cannabinoid therapies. Federal reform accelerated on April 23, 2026, when the DOJ and DEA moved FDA-approved cannabis drugs and state-licensed medical marijuana from Schedule I to Schedule III, marking the most significant shift in U.S. federal cannabis regulation in decades. The DEA subsequently held a June 29–July 15 hearing to consider broader cannabis rescheduling.

Broader rescheduling, if implemented, could significantly impact the U.S. cannabis industry and the listing policies of major North American exchanges. High Tide is assessing whether it could enable exchange-listed companies to enter the U.S. state-legal adult-use market while maintaining their listings. The company has engaged Nasdaq and the TSX Venture Exchange regarding potential policy changes and continues to explore U.S. adult-use opportunities with multiple counterparties.

Source hightideinc.com

OTHER RECENT NEWS

Ask Me Anything Reddit Session

On July 15, High Tide hosted an Ask Me Anything (AMA) open forum on Reddit. An AMA is an interactive, crowdsourced Q&A session where a host such as experts or business leaders invites the Reddit community to ask them questions in real-time. This was the 5th AMA that the company has been involved in.

The forum was very detailed and lengthy and covered substantially all aspects of the company's business operations. An important comment by management was that June same-store sales turned **positive** after declining (1.2%) in the 2nd quarter ending April 30, 2026. We believe this momentum will continue and it's possible same-store sales could remain positive in July.

Our key takeaways from the AMA include:

- High Tide's takeover protections are designed to maximize value and not to prevent acquisitions. The shareholder rights plan helps prevent coercive or undervalued bids while preserving regulatory compliance, but the board would still evaluate any realistic offer that maximizes shareholder value.

- Europe is the company's highest priority growth opportunity. Management continues to focus on Germany first, with the UK viewed as the next major expansion market, while the U.S. remains a longer-term opportunity.

- The U.S. expansion strategy is intentionally patient and capital disciplined. Rather than pursuing expensive acquisitions or issuing significant equity, High Tide intends to wait until regulations become more favorable before entering through the most attractive structure.

- Remexian is outperforming expectations. German market share has more than doubled, gross margins improved from roughly 12% to 27% as procurement efficiencies took hold, and management believes 25-30% margins are sustainable over time.

- Germany's evolving regulations are not viewed as a major long-term risk. Management believes approximately 90% of patients already pay out of pocket, limiting the impact of reimbursement changes while positioning Remexian to benefit from value-oriented demand.

- Management believes sustainable GAAP profitability has now been achieved. Positive net income is expected to continue despite occasional quarterly volatility caused by non-cash accounting items such as derivative liability revaluations.

- Free cash flow is considered the company's most important financial metric. The CEO repeatedly emphasized free cash flow generation and free cash flow per share over GAAP earnings or Adjusted EBITDA because they better reflect the underlying economics of the business.

- Gross margins are expected to continue expanding beyond 30%. Margin improvement is expected to come from operating leverage, procurement scale, ELITE memberships, and white-label products. But not by raising prices to customers.

- White-label brands remain one of High Tide's largest long-term margin opportunities. Although penetration is still only about 1.9% of retail sales, management continues targeting roughly 20% over time through disciplined product launches.

- Queen of Bud has become a highly successful acquisition. The brand achieved an initial one-year payback, with recent sales accelerating enough to reduce the effective payback period to approximately six months.

- The Cabana Club ecosystem is viewed as High Tide's strongest competitive advantage. With more than 2.7 million members, proprietary customer data, loyalty, and execution provide a competitive moat that management believes competitors have struggled to replicate.

- Same-store sales weakness appears temporary rather than structural. After posting its first negative comparable-sales quarter since Cabana Club launched, June sales returned to positive growth, with management attributing the past weakness largely to macroeconomic pressures. Based on recent trends, we believe July could show positive same-store sales as well.

- The store expansion plan prioritizes long-term returns over speed. High Tide is willing to walk away from overpriced leases, accept longer permitting timelines, and selectively tolerate store cannibalization when it strengthens the overall retail network or blocks competitors from premium locations.

- Capital allocation remains highly disciplined. Management emphasized there have been no ATM equity issuances in six quarters and no equity financings in four years, preferring internally funded growth whenever possible.

- Share buybacks remain part of the long-term capital allocation plan. The CEO indicated he would like to pursue an aggressive NCIB in the future once reinvesting in growth no longer offers superior returns.

- Balance sheet flexibility continues to improve. The expected $40 million BMO credit facility demonstrates increasing access to traditional bank financing which is a notable milestone for a cannabis retailer.

- Management is willing to monetize non-core assets when appropriate. U.S. e-commerce businesses remain under strategic review, and the company would consider selling or partnering if it receives an attractive valuation.

- Executive incentives are closely aligned with shareholders. Executive compensation is determined by an independent board committee, and management stated they have sold only minimal shares for tax purposes while increasing their ownership since the IPO.

- Related-party transactions are governed by independent oversight. Management stated the warehouse lease was independently valued, fully disclosed, has not experienced rent increases since inception, and remains economically justified relative to its operational role.

- Management's overarching philosophy is disciplined, long-term value creation. Throughout the AMA, CEO Raj Grover consistently emphasized intrinsic value growth, prudent capital allocation, market share expansion, profitability, and execution over short-term stock price movements or meeting quarterly market expectations.

The entire AMA transcript can be found **here**.

New Bank Financing

On June 15, 2026, the company announced it had obtained a loan agreement with Bank of Montreal regarding new senior secured credit facilities in the principal amount of C$40 million. The loan agreement consists of two committed facilities:

- A C$25 million revolving facility with a three-year maturity, to be used to refinance the company's loan with connectFirst, for general working capital and corporate requirements, and for acquisitions and investments. The balance owing to connectFirst is expected to be slightly over C$6 million at closing, resulting in almost C$19 million of available room on the revolving facility.

- A C$15 million committed delayed draw term loan to be used to refinance the company's existing C$15 million second-lien debentures.

Northern Helm Acquisition

Subsequent to the end of the 2nd quarter on July 30, 2026, the company announced an agreement to acquire 100% of J. Supply Holdings Inc., which operates as Northern Helm. This acquisition involves acquiring four of the six retail cannabis stores currently operated by Northern Helm in Ontario for a transaction value of C$7.74 million

Transaction considerations include approximately C$3.2 million in assumed debt with a 2% interest rate, with 40% of the remaining amount paid in cash, (approximately C$1.83M), and the remaining 60% (approximately C$2.75M) paid in common shares of High Tide. The purchase price represents 4.5x the annualized Adjusted EBITDA of the stores for the three months ended March 31, 2026. The deal closed on August 30, 2026.

VALUATION & ESTIMATES

We are maintaining our DCF derived price target of **US$5.00** per share which still represents meaningful upside from current price levels. While many cannabis stocks do tend to move together in response to major industry-wide catalysts (such as rescheduling), we believe there can be major divergence in specific companies based on specific fundamentals. High Tide is likely one of those positive outliers due to a potential recovery of Canadian same store sales growth to normal levels, successful new store openings, continued margin improvement, and a successful expansion into European markets.

We also look at peer multiples to provide a secondary valuation methodology. Although it’s difficult to find exact comparisons due to a variety of business models, country location, and financial data – we believe a set of cannabis related stocks are trading at an EV/EBITDA ratio of approximately 8.5x currently.

With HITI trading at only approximately 5.6x annualized run-rate EBITDA, there appears to be material upside from a peer perspective.

Another competitor comparison is Charlotte's Web (OTCQB: CWBHF) which has performed very well since the executive order from the White House on 12/18/25 that opened the door to a pilot program where seniors could get up to US$500 a year of CBD covered under Medicare. High Tide owns NuLeaf and FAB CBD products, which compete with Charlotte's Web so the company is not getting credit for that potentially large opportunity.

In addition, Canadian based Organigram Global recently acquired Germany based Sanity Group, a competitor to Remexian. The Sanity Group acquisition is roughly the same size as High Tide's purchase of Remexian in terms of revenue (Remexian is more profitable), but Organigram is paying substantially higher multiples than High Tide did (believed to be over 12x). This demonstrates High Tide's European business is truly an undervalued and unrecognized asset.

Estimates

We increase our 4th quarter estimates due to the strong 3rd quarter revenue and margin performance. Our 4th quarter revenue estimate is now $202.3 million and our EPS estimate is $0.03 per share. Our annual FY 2026 EPS estimate is now $0.17, although we recognize that a substantial portion of that estimate is a non-cash gain on the fair value of a derivative liability. Our FY 2027 estimate is $0.11 per share.

We expect consistent double-digit revenue growth over the next 2-3 years with revenues exceeding $800 million in F2027. This reflects continued organic growth (rising same-store sales and ongoing market share gains), a broader retail store footprint (store count likely approaching 300), and accelerating Remexian contributions, particularly as supply chain disruptions in Portugal continue to normalize and the company's distribution footprint expands beyond Germany.

We expect Adjusted EBITDA, which excludes transaction costs, other non-recurring items, and stock-based compensation expenses, to be approximately $55.7 million in F2026 and expand to $62.0 million in F2027. This growth in 2026 and 2027 is driven by a step up in gross margins following the sell-through of older/lower-priced product, rising economies of scale, higher levels of white label products, and ongoing expense management & resource optimization strategies. Management has stated the company's long-term EBITDA margin goal is 12.0% for HITI's retail business segment.

KEY INVESTMENT POINTS

High Tide is the largest cannabis retailer in Canada operating 232 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. More recently, 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 demand satisfied through imported cannabis from Canada.

Our investment thesis revolves around:

- We expect a continued favorable regulatory landscape in Canada. 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 coming from the five provinces in which High Tide has operations.

While HITI's brick-and-mortar cannabis sales remain confined to Canada at present, we expect management to increasingly turn its sights to the U.S. in light of a more favorable regulatory backdrop. As uncertainty around rescheduling probabilities, implications, and timelines fades, we look for cannabis stocks to benefit from enhanced liquidity, rising institutional shareholder ownership profiles, and powerful upward revaluations over time.

- We believe there are plenty of growth levers the company can engage in. We expect 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) strong/sustained Same-Store Sales (SSS) growth;
  b) ongoing retail store expansion, with management reiterating the company's goal of adding 20-30 new stores per year;
  c) further step ups in the number of Cabana Club/ELITE loyalty program memberships;
  d) market share continuing to roll up to diversified/scale-enabled players; and
  e) increasingly leveraging white labeling opportunities to further build out the house-branded product portfolio. Currently, this is less than 2.0% of total sales, but the company's target is for these products to represent 20% of sales. Gross margins on this product portfolio are typically 5%-7% higher than the legacy product set.

- High Tide has emerged as a global player in the industry. HITI recently closed the acquisition of a 51% ownership stake in Remexian Pharma GmbH, a leading low-cost medical cannabis importer/wholesaler in Germany. 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 home possession and cultivation. 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 and EBITDA growth, as HITI increasingly pushes Canadian-supplied cannabis (sourced at lower prices) through Remexian's broad distribution network in Germany.

- We project a favorable inflection in net income in fiscal year 2027 (October 2027), with further growth expected in fiscal year 2028 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.

- 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, and highly dilutive financings are often the only course of action. 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. High Tide's debt profile remains generally favorable, with long-dated maturities (mostly 2028). The debt to EBITDA ratio is 1.2x based on net debt as of 7/31/26 and 3rd quarter annualized attributed EBITDA. This demonstrates the company has ample debt capacity to fund its growth plans if necessary.

- The company's objectives when managing capital resources are to:
  (i) Explore profitable growth opportunities;
  (ii) Deploy capital to provide an appropriate return on investment for shareholders;
  (iii) Maintain financial flexibility to preserve the ability to meet financial obligations; and
  (iv) Maintain a capital structure that provides financial flexibility to execute on strategic opportunities.

Source hightideinc.com

INVESTMENT RISKS

- Regulatory uncertainty: While the distribution and sale of medical and adult-use cannabis, cannabis products, and cannabis accessories are 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. Also, 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. Any initiatives to enter the U.S. market would require considerable time, resources, and infrastructure to conform related operations to the shifting regulatory framework.

- Rising competition: The cannabis industry remains highly fragmented, with over 3,600 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, diversified/innovative product sets, broader retail distribution, more cost-effective marketing initiatives, and improving operational efficiencies. While HITI remains amongst the largest cannabis retailers 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.

- 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.

- Reliance on Licensed Producers/government wholesalers: 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.

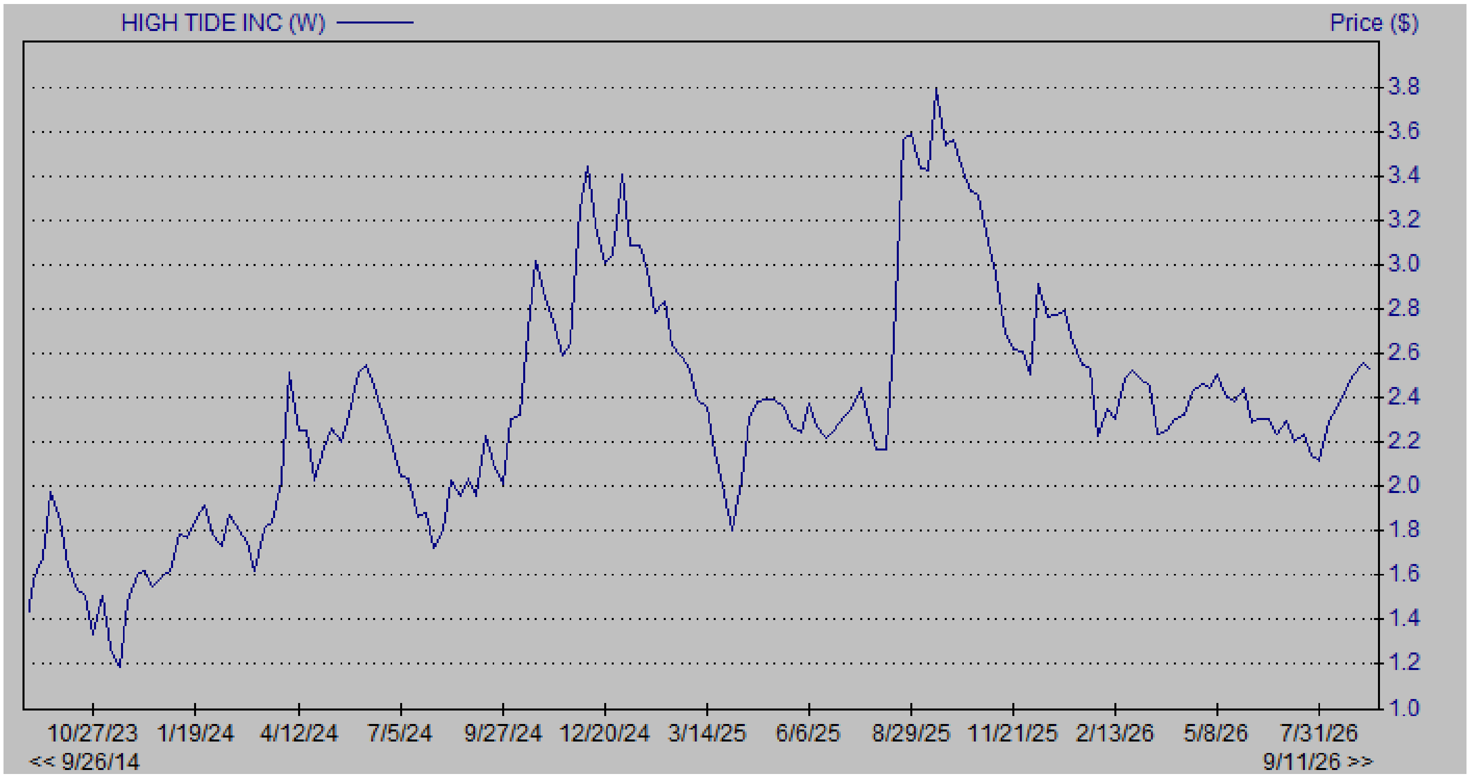
- M&A integration/financing: Over the years, HITI has completed a number of acquisitions to enhance/extend the company's footprint. All transactions carry meaningful execution and operational risks, particularly assuming accounting/finance, human resources, legal, and other back-office functions are 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.

PROJECTED INCOME STATEMENT

	Quarterly								Annual			
	F1Q25	F2Q25	F3Q25	F4Q25	F1Q26A	F2Q26A	F3Q26A	F4Q26E	F2024	F2025	F2026E	F2027E
	Jan-25	Apr-25	Jul-25	Oct-25	Jan-26	Apr-26	Jul-26	Oct-26	Oct-24	Oct-25	Oct-26	Oct-27
Revenue												
Cannabis, CBD products, & Other	123,619	120,051	131,963	145,451	172,346	173,562	193,286	196,446	452,792	521,084	735,640	827,740
Consumption accessories	7,544	6,415	5,744	5,493	5,983	5,734	5,532	5,809	32,801	25,196	23,058	24,164
Data analytics, advertising and other revenue	11,298	11,338	11,983	13,087		0	0	0	36,713	47,706	0	0
Total Revenue	**142,461**	**137,804**	**149,690**	**164,031**	**178,329**	**179,296**	**198,818**	**202,254**	**522,306**	**593,986**	**758,697**	**851,904**
Cost of Sales	(107,021)	(102,333)	(109,599)	(121,503)	(133,920)	(130,905)	(146,072)	(148,375)	(379,804)	(440,456)	(559,272)	(622,832)
Gross Profit	35,440	35,471	40,091	42,528	44,409	48,391	52,746	53,879	142,502	153,530	199,425	229,072
					24.9%	*27.0%*	*26.5%*	*26.6%*			*26.3%*	*26.9%*
Expenses												
Salaries, wages and benefits	(17,581)	(17,476)	(18,288)	(18,814)	(21,105)	(21,281)	(22,607)	(22,187)	(65,082)	(72,159)	(87,180)	(95,156)
Share-based compensation	(1,175)	(1,250)	(824)	(668)	(370)	(881)	(878)	(824)	(2,975)	(3,917)	(2,953)	(3,469)
General and administration	(6,563)	(5,768)	(6,623)	(7,099)	(7,393)	(7,241)	(7,833)	(8,450)	(21,836)	(26,053)	(30,917)	(35,591)
Professional fees	(1,809)	(1,690)	(2,301)	(2,669)	(2,437)	(3,819)	(3,220)	(2,898)	(7,734)	(8,469)	(12,374)	(13,894)
Advertising and promotion	(912)	(1,030)	(592)	(651)	(944)	(924)	(981)	(803)	(4,166)	(3,185)	(3,652)	(3,381)
Depreciation and amortization	(5,847)	(5,880)	(6,080)	(6,503)	(8,026)	(6,146)	(6,644)	(7,686)	(25,393)	(24,310)	(28,502)	(32,372)
Impairment loss net of recovery			0	(23,564)	0	0	0	0	(4,964)	(23,564)	0	0
Interest and bank charges	(1,486)	(1,445)	(1,644)	(1,746)	(1,763)	(2,002)	(1,873)	(2,669)	(5,349)	(6,321)	(8,307)	(11,133)
Total Expenses	**(35,373)**	**(34,539)**	**(36,352)**	**(61,714)**	**(42,038)**	**(42,294)**	**(44,036)**	**(45,516)**	**(137,499)**	**(167,978)**	**(173,884)**	**(194,997)**
Operating Income/(Loss)	**67**	**932**	**3,739**	**(19,186)**	**2,371**	**6,097**	**8,710**	**8,364**	**5,003**	**(14,448)**	**25,542**	**34,076**
Gain on extinguishment of financial liability	0	0	0	0	0	0	0	0	79	0	0	0
Gain on extinguishment of put option liability			0	0	0	0	0	0	885	0	0	0
Loss on revaluation of marketable securities	0	0	0	0	0	0	0	0	(89)	0	0	0
Finance and other costs	(2,731)	(3,566)	(2,676)	(3,895)	(6,113)	(5,228)	(5,578)	(5,100)	(10,058)	(12,868)	(22,019)	(22,019)
Gain on revaluation of put option liability	0	0	0	0	0	0	0	0	657	0	0	0
(Loss) gain on foreign exchange	13	(114)	(120)	(333)	144	212	(979)	0	(24)	(554)	(623)	0
Other loss	0	(42)	1	41	0	0	(1,285)	0	(342)	0	(1,285)	0
FV change in derivative liability			(43)	(23,516)	3,286	(762)	11,787	0	0	(23,559)	14,311	0
Gain (loss) on debentures	0	0	0	0	0	0	0	0	(515)	0	0	0
Pre-Tax Income/(Loss)	**(2,651)**	**(2,790)**	**901**	**(46,889)**	**(312)**	**319**	**12,655**	**3,264**	**(4,404)**	**(51,429)**	**15,926**	**12,057**
Income tax (expense) recovery	(38)	(46)	(69)	(112)	(40)	(295)	(1,294)	(653)	(601)	(265)	(2,282)	(3,014)
Deferred income tax recovery	0	0	0	290	0	0	1,387	0	1,194	290	1,387	1,100
Net Income/(Loss)	**(2,689)**	**(2,836)**	**832**	**(46,711)**	**(352)**	**24**	**12,748**	**2,611**	**(3,811)**	**(51,404)**	**15,031**	**10,142**
Translation difference on foreign subsidiary	881	(1,044)	100	514	0	0	0	0	1,591	451	0	0
Net comprehensive gain/(loss)	(1,808)	(3,880)	932	(46,197)	(352)	24	12,748	2,611	(2,220)	(50,953)	15,031	10,142
Earnings per share, diluted	**($0.03)**	**($0.04)**	**$0.01**	**($0.55)**	**$0.01**	**$0.00**	**$0.13**	**$0.03**	**($0.05)**	**($0.62)**	**$0.17**	**$0.11**
Weighted average shares outstanding, basic	80,875	80,936	81,316	85,588	87,715	87,867	87,934	88,154	79,557	82,179	87,918	88,595
Weighted average shares outstanding, diluted			88,578	92,851	94,978	87,867	94,560	94,779			93,046	95,220

Source: Company reports and Zacks SCR estimates and calculations.

HISTORICAL STOCK PRICE



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