NAMASTE TECHNOLOGIES INC.

MANAGEMENT DISCUSSION AND ANALYSIS

For the Fiscal years ended November 30, 2019 and 2018

NAMASTE TECHNOLOGIES INC.
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MANAGEMENT DISCUSSION AND ANALYSIS

This Management Discussion and Analysis ("MD&A") for Namaste Technologies Inc. (the "Company" or "Namaste") covers the Company's financial performance during and subsequent to the Fiscal year ended November 30, 2019 up to the date of this report April 30, 2020. This MD&A should be read in conjunction with Namaste's Fiscal 2019 Audited Consolidated Financial Statements ("FS").

The Company is a reporting issuer in British Columbia, Saskatchewan, Manitoba, Ontario, Alberta, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador. Namaste is listed on the TSX-V under the symbol "N", on the OTCQB® Venture Market under the symbol "NXTTF" and traded as open stock on the Frankfurt Stock Exchange under the symbol "M5BQ".

All dollar amounts are in Canadian dollars unless otherwise indicated. Namaste documents and securities filings can be viewed on the SEDAR website (www.sedar.com) and additional information on the Company can be obtained at www.namastetechnologies.com.

Forward Looking Statement Disclaimer

Certain statements in this MD&A may constitute "forward looking" statements that involve known and unknown risks, uncertainties and other factors. The actual results, performance or achievements of Namaste or the industry, may be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. These statements include, but are not limited to, comments concerning the Company's objectives, strategies to achieve those objectives, as well as Management's beliefs, plans, estimates, and intentions; and similar statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts. When used in this MD&A, such statements use words such as "may", "will", "expect", "believe", "plan" or similar terminology.

These statements reflect Management's current expectations regarding future events and operating performance and speak only as of the date of this MD&A, and, except in compliance with applicable law, Namaste assumes no obligations to update or revise them to reflect new events or circumstances. Additionally, the Company undertakes no obligation to comment on analysis, expectations or statements made by third parties in respect of its financial/operating results or securities.

Non-IFRS Financial Measures

Namaste's FS are prepared using International Financial Reporting Standards ("IFRS"); whereas, this MD&A refers to certain non-IFRS measures such as Adjusted EBITDA and EBITDA (defined under the "Non-IFRS Financial Measures Definitions" section of this report). Non-IFRS measures are used externally to provide a supplemental measure of the Company's operating performance, facilitate comparisons, and enable analysis of the Company's ability to meet future capital and working capital requirements. Management uses them internally to prepare operating budgets and assess performance. These measures do not have standardized meanings prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Accordingly, they should not be considered in isolation nor as a substitute for analysis of the Company's financial information reported under IFRS.

COMPANY OVERVIEW

Namaste leverages smart technology to drive on-line sales of medical cannabis, cannabis products and accessories. With nine e-commerce stores under various brands, the Company's products and services are distributed across the globe.

During the year, Namaste's Board of Directors announced a strategic realignment resulting in major organizational leadership changes. Management believes these changes, along with a proactive financial transformation strategy, will facilitate the Company's continuity, and transition it from its entrepreneurial roots to an established organization well positioned to capitalize on global growth. The new leadership team has been and continues strengthening corporate governance practices throughout the organization and re-engineering the foundational operations to focus the Company on healthy margins via controlling spending, and growing the business on the Canadian and global cannabis market opportunities.

STRATEGIC VISION

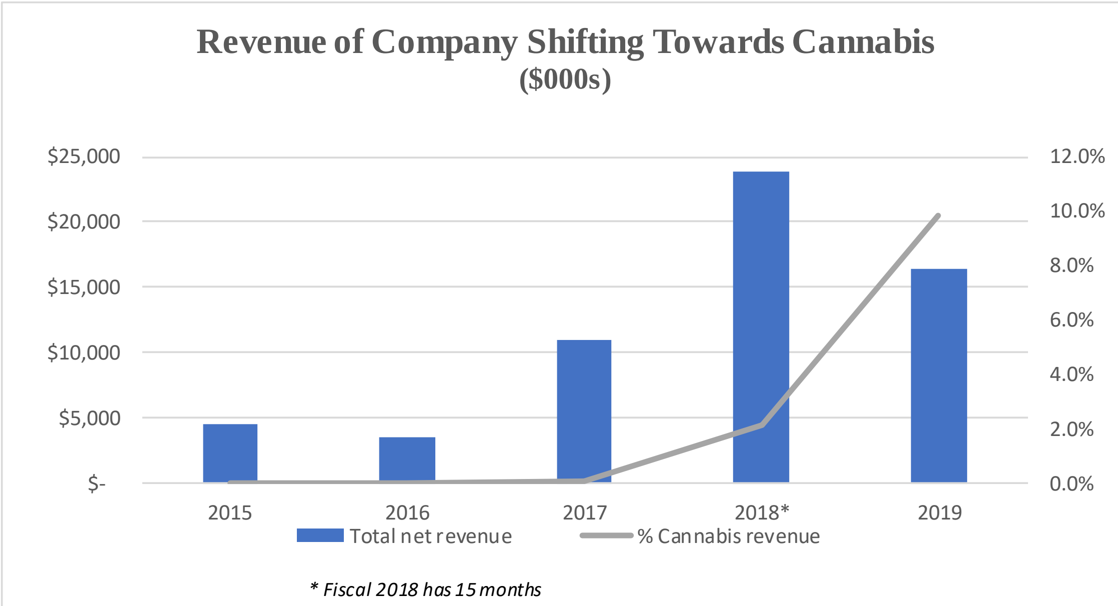
Namaste has spent the last four years learning and adapting through the procurement and distribution of Cannabis in the Canadian marketplace. It has uniquely positioned itself in the value chain to become the mechanism to move cannabis safely and reliably from licensed producers to the end-consumer. The Company's management team feels confident it can deliver on its vision to expand product lines across the cannabis category and deliver a truly unique, and safe branded experience to be enjoyed both by Cannabis enthusiasts and newcomers to the category.

Milestones toward Achieving the Strategic Vision

The following is a timeline of some accomplished milestones:

- May 2018 – Namaste Technologies Inc. acquired Findify AB ("Findify"), a leading A.I. and machine learning company, to increase conversion rates, average order value, retention and referrals. The Company also acquires 51% of CannMart Labs Inc. (formerly 2624078 Ontario Inc. operating as Infinity Labz)
- Sept 2018 – CannMart Inc. received its Access to Cannabis for Medical Purposes Regulations ("ACMPR") medical cannabis "sales-only" license with no cultivation, which is the first of its kind to be issued by Health Canada and launched its revolutionary medical cannabis online marketplace
- March 2019 – Namaste finalized a share purchase agreement to acquire 49% of the issued and outstanding shares of an Alberta-based craft chocolate manufacturer Choklat Inc. ("Choklat") and completed the acquisition of 49% of the common shares of Toronto-based Pineapple Express Delivery Ltd. ("Pineapple")
- September 2019 – CannMart Inc. secured its first order from government agency with the receipt of a purchase order from the BC Liquor Distribution Branch, the sole wholesale distributer of non-medical cannabis in British Columbia
- October 2019 – CannMart Inc. received approval from Health Canada for an amendment to its license allowing it to offer cannabis oil concentrates on its online marketplace CannMart.com
- November 2019 – CannMart Labs Inc. signed a licensing deal securing exclusive rights to the Phyto Extractions brand. In the same month, CannMart Inc. doubled the number of active buyers on CannMart.com
- January 2020 – Choklat received a processing license from Health Canada to produce a line of chocolate bars, drink mixes and infused sugar

The above progress is reflected below in Cannabis revenue growth chart:



OUTLOOK

Management has identified key sectors of complexity, high risk, and low financial return and has systematically worked to eliminate these areas and implement new foundational strategies in both operations and finance. These new strategies will improve gross margin and reduce non-strategic spending allowing Management to focus on Namaste's strategic vision and continue to introduce product lines to the current cannabis consumer, as well as, the more substantial untapped market.

FINANCIAL DISCUSSION

Operational Results

Selected financial information from the Consolidated Statements of Net Loss and Comprehensive Loss for the Fiscal periods ended November 30, 2019, and 2018 are presented below:

		2019 (12 months)		2018 (15 months)
Net revenue	$	**16,340,321**	$	**23,795,393**
Cost of goods sold		13,616,975		18,664,994
Gross profit *(before inventory adjustment)*		**2,723,346**		**5,130,399**
Gross profit (before inventory adjustment) as a % of net revenue		*17%*		*22%*
Inventory write-down (reversal)		1,366,242		(508,129)
Operating costs		21,918,320		20,966,547
Professional fees		2,549,857		2,569,438
Adjusted EBITDA		**(23,111,073)**		**(17,897,457)**
Other income		(1,219,575)		(1,115,533)
Impairment of goodwill and intangibles		16,138,602		-
Impairment of loan receivable		1,391,224		-
Share-based compensation		2,015,222		21,928,335
Restructuring and other costs		15,136,724		1,441,873
Share of associates' loss, net of tax		4,520,908		-
EBITDA		**(61,094,178)**		**(40,152,132)**
Net loss	$	**(63,230,354)**	$	**(41,617,431)**

Net revenue

Revenue is comprised of sales of: (1) medical cannabis and cannabis derivatives; (2) hardware; (3) SAAS fees and (4) commission. Effective October 17, 2018 (when the Act went into effect) net revenue is determined by deducting excise taxes that are included in gross revenue from cannabis sales in Canada and remitted to the provincial governments.

Revenue for Fiscal 2019 was $16.3 million compared to $23.8 million in Fiscal 2018. The decrease was primarily attributable to the sale of Dollinger US, (part of the Namaste Bahamas CGU) which contributed $5.1 million in Fiscal 2018, the closure of the Brazilian operations which impacted revenue by $1.4 million and a $2.3 million decline in sales of Australian Vaporizers. Both Findify and Cannmart's revenue increased marginally ($0.7 million and $0.5 million), while NamasteMD revenue remains comparable to the prior period.

The following table presents the Group's net revenue based on the location of customers for each of the periods indicated:

	Fiscal 2019 (12 months)	Fiscal 2018 (15 months)	2019 Monthly Average	2018 Monthly Average
Australia	$ 4,855,210	$ 6,534,763	$ 404,601	$ 435,651
Brazil	638,401	2,048,505	53,200	136,567
Canada	3,019,726	3,315,846	251,644	221,056
France	476,435	-	39,703	-
Germany	796,750	1,185,178	66,396	79,012
Ireland	381,978	451,669	31,831	30,111
New Zealand	156,887	461,550	13,074	30,770
United Kingdom	4,199,588	6,026,690	349,966	401,779
United States of America	675,987	1,935,017	56,332	129,001
Other	1,139,360	1,836,175	94,947	122,412
	$ 16,340,321	$ 23,795,393	$ 1,361,693	$ 1,586,360

Based on customer geography, revenue generated by Australian markets increased from 27% to 30% of total revenue of the Company. Revenue proportion of the Canadian market increased from 13% to 18%, and revenue from the United Kingdom remained consistent at 25%. Average monthly year over year revenues showed a slight decline, partially as a result of the closure of the Brazilian operations in March 2019.

In October 2019 edible and ingestible cannabis products (Cannabis 2.0) became legal in Canada. The Company intends to execute on its plan to drive growth through its portfolio of cannabis 2.0 lifestyle and wellness products including those produced through Choklat Inc. and CannMart Labs Inc.

Cost of revenues ("COR")

COR includes expenditures directly related to generating revenue. This includes cost of products sold, product licensing fees, merchant fees, shipping fees, import duties, and commission.

A portion of the $5.0 million decrease in COR can be directly attributable to the sale of Dollinger US ($2.1 million), the remainder is primarily a result of decreased margin within Australian Vaporizers. The COR of Findify remained the same as compared to Fiscal 2018 i.e. $0.33 million.

Gross profit (before inventory adjustment)

Gross profit ("GP") decreased year over year by $2.4 million. This decline was primarily due to the sale of Dollinger US which had contributed $3.0 million in Fiscal 2018. The GP of Cannmart and Australian Vaporizers also decreased by $0.5 million and $ 0.3 million respectively in Fiscal 2019 over Fiscal 2018. This was partially offset by the increase in GP of Namaste Bahamas and Findify ($0.90 million and $0.73 million respectively).

Inventory write-down (reversal)
Increasing levels of cannabis within the industry, and compressed market prices led to revenue declines and aged inventory on hand. Cannabis inventory older than six months was written down to net realizable value at November 30, 2019. In Fiscal 2017, a similar write down had been taken, a portion was subsequently reversed in Fiscal 2018. With renewed focus, the new leadership team has learned from these upstream market fluctuations to better position Namaste as a reliable mechanism to bring the correct cannabis products to the appropriate demographics at scale.

Operating costs
The following table presents the Company's operating costs by type of expense for each fiscal year:

	2019 (12 months)	2018 (15 months)	$ Change	% Change
Office and general	$ 7,645,533	$ 8,270,370	$ (624,837)	(7.6%)
Salaries and other compensation costs	10,000,542	6,704,595	3,295,947	49.2%
Selling and marketing expense	2,278,055	3,892,102	(1,614,047)	(41.5%)
Technological development	1,994,190	2,099,480	(105,290)	(5.0%)
Total operating costs	$ 21,918,320	$ 20,966,547	$ 951,773	4.5%

<u>Office and general</u>
Office and general expenses include rent and related facility fees, service costs, travel, business development, insurance, operating license fees and telecommunication.

The average monthly cost of office and general expenses increased from $551 thousand in Fiscal 2018 to $637 thousand as a result the increased insurance cost.

The Company has implemented a new foundational finance strategy targeted at reducing corporate overhead and allowing the Company to realize its strategic vision. This transformational strategy will be rolled out during Fiscal 2020, and full annualized savings are anticipated to be realized in 2021.

<u>Salaries and other compensation costs</u>
Salaries and other compensation costs include remuneration and benefits paid to employees and consultants.

In Fiscal 2018, a significant amount of compensation was share-based, as a result, salaries and other compensation costs (which exclude share-based compensation) increased from $6.7 million in Fiscal 2018 to $10.0 million in Fiscal 2019.

Namaste believes that its people are critical to the organization's success and has committed to investing in employees and building on the corporate culture of excellence. To reduce operating costs and provide a quicker path to success, the Company is evaluating the corporate structure and associated headcount and moving to reduce complexity within the business units by hiring subject-matter experts with clear, focused goals tied to financial results – both long and short term.

Selling and marketing expense

Selling and marketing expenses are comprised of advertising and promotion costs including online search services; as well as, costs associated with online promotional and social media tools utilized by Namaste to generate sales.

Selling and marketing cost savings initiatives began in Fiscal 2019 with the termination of the Company's outsourced marketing firm. As a result, costs savings were realized in Fiscal 2019 and are expected to continue through Fiscal 2020. Focus will be on consumer engagement through digital content for the Business to Consumer ("B2C") platform and retail partnerships that have an identifiable impact on sell-through for Business to Business ("B2B") platform. Spend in this area is heavily monitored against key performance indicators to ensure appropriate rates of return.

Technological development

These costs represent Namaste's significant investment into various areas such as machine-learning, search engine optimization, platform development and its ongoing customer acquisition strategy.

Significant investment has already been made in existing platforms which have enabled the Company to experiment and learn about the target demographic as well as the economics of supply and demand. Development costs decreased in Fiscal 2019 as projects were delivered. Maintenance costs associated with the platforms (recorded in salaries and other compensation costs) are anticipated to remain the same. Future technology spend will be focused on greatly enhancing the Company's vision to bring cannabis to market safely and reliably.

Professional fees

Professional fees include legal, audit, tax services and Board fees.

Spend on professional fees declined in Fiscal 2019, and as a result of stronger oversight, it is anticipated that these expenses will continue to decline in Fiscal 2020.

Adjusted EBITDA

Adjusted EBITDA is a non-financial measure. The definition and reconciliation from the reported IFRS operating results can be found in the "Non-IFRS Financial Measures" section of this MD&A.

Beginning in the latter half of 2019, Management has put in place a number of Objectives and Key Results (OKRs) with supporting procedures and metrics to focus decision making on governance, expenditures including allocated headcount in order to lead to profitable growth.

Other income

Other non-operating income is primarily composed of interest earned on the Company's cash reserves.

It is anticipated that the cash reserves will decline in Fiscal 2020 due to business development opportunities and capital intense initiatives. As a result, interest income is expected to decrease.

Impairment of goodwill and intangibles

In light of the current trends in the cannabis space, Management has opted to take a very conservative stance on the evaluation of intangible assets. As a result, a significant impairment has been recorded against the goodwill/intangibles arising from the acquisitions Findify AB and Australian Vaporizers, as well as, the capitalization of two technology projects undertaken by Namaste Technologies Inc.

Share based compensation
Share based compensation is the non-cash value of common shares and stock options issued to Directors, Officers, employees and consultants.

In Fiscal 2018, a significant amount of compensation was delivered via the issuance of shares and stock options. Changes to this practice resulted in marked decreases in share based compensation which were slightly offset by increased salaries and compensation costs.

Restructuring and other costs
This expense category includes the costs associated with the class action lawsuits (including Special Committee costs), non-standard legal claims costs, employee restructuring and other non-recurring costs incurred during Fiscal 2019 and 2018. The table below summarizes these expenses:

		2019		**2018**
		(12 months)		**(15 months)**
Class action related costs	$	8,002,550	$	1,043,626
Closure of Brazilian operations		499,844		-
Findify acquisition costs		-		398,247
Legacy resolutions		4,713,249		-
Restructuring costs		1,921,081		-
	$	15,136,724	$	1,441,873

<u>Class action related costs</u>
During October 2018, the Board formed a Special Committee to investigate certain allegations made by Citron Research Inc. pertaining to the sale of the Company’s wholly owned subsidiary, Dollinger Enterprises US Inc. The Special Committee was comprised of independent Directors, legal counsel and representatives of a top tier accounting firm.

As a result of these allegations two class action lawsuits were launched, one in the USA, the second in Canada. In July 2019, agreements of $4.9 million to settle the claims in principle were reached. In Q2, 2020, the courts approved the settlement amounts.

<u>Closure of Brazilian operations</u>
Due to regulations in Brazil, the decision was made to close the Brazilian operations and sell the assets. $500K was the difference between realized value and the carrying value of assets related to the operation.

<u>Findify acquisition costs</u>
Professional and other fees associated with the Findify acquisition of $398K were incurred in FY2018.

<u>Legacy resolutions</u>
A number of agreements entered into by former management are currently under dispute. These agreements are not anticipated to provide any additional benefit in Fiscal 2020 and beyond. Consequently, Management has provided for anticipated costs associated with their resolution.

Restructuring costs

On February 4, 2019, following the investigation, the Board made its first changes to the Senior Officers including the appointment of an Interim CEO and a Chief Strategy Officer. Former executive and management costs along with the associated legal fees pertaining to restructuring negotiations are included in this cost category.

Share of associates' loss, net of tax

Below is a summary of losses by associates:

Fiscal 2019		Pineapple		Choklat		Total
Company's share of loss, net of tax	$	(1,198,369)	$	(404,221)	$	(1,602,590)
Impairment loss		(2,918,318)		-		(2,918,318)
Total loss on associates	$	(4,116,687)	$	(404,221)	$	(4,520,908)

In Fiscal 2019, the Company increased its investment in Pineapple (which changed the accounting treatment) and acquired a minority stake in Choklat. During the period that these entities were accounted for using the equity method, the Company's share of losses was $1.6mm. In addition, an impairment of $2.9mm was taken on Pineapple due to working capital constraints. In the first quarter of 2020, an additional loan of $125,000 was made to Pineapple in consideration for amendments to convertibility clauses of debt agreements the company had with third parties. In Q2, 2020, a controlling interest of Pineapple was acquired by World Class Extractions Inc. ("WCE"). As part of the transaction, Namaste will be able to convert its outstanding debt into shares of WCE in 11 months. In addition, Namaste has granted WCE the option to acquire Namaste's equity interest in Pineapple during a 60 day period beginning two years following the close of the transaction.

In Q1, 2020, Choklat received its cannabis processing license from Health Canada. Through CannMart, it has already received a significant purchase order for edibles from the Province of Alberta. It is anticipated that the Company will record positive net income from Choklat in Fiscal 2020.

Summary of quarterly operational results

Quarter ending	November 2019	August 2019	May 2019	February 2019	November 2018	August 2018	May 2018	February 2018 *(Restated)*
Net revenue	$ 3,947,018	$ 3,805,614	$ 3,994,232	$ 4,593,457	$ 5,234,082	$ 3,934,150	$ 4,062,221	$ 5,633,830
Gross profit (loss)	$ (109,830)	$ 992,948	$ 853,102	$ 987,126	$ 949,088	$ 930,886	$ 873,105	$ 1,793,985
Gross profit %	18%	26%	21%	21%	18%	24%	22%	32%
Net loss	$ (29,667,429)	$ (14,652,118)	$ (8,632,771)	$ (10,278,036)	$ (18,384,292)	$ (8,689,720)	$ (8,097,146)	$ (3,342,672)
Net loss per share (basic and diluted)	$ (0.09)	$ (0.05)	$ (0.03)	$ (0.03)	$ (0.06)	$ (0.03)	$ (0.03)	$ (0.01)
Total assets	$ 67,719,244	$ 94,062,462	$ 104,831,382	$ 110,680,055	$ 116,989,959	$ 71,075,238	$ 77,957,330	$ 67,105,025

Despite declining market prices, net revenue for the fourth quarter of Fiscal 2019 increased from the prior quarter. The increase was due in part to the new B2B sales channel Namaste began pursuing in Q4, 2019.

Quarter over quarter net loss increased substantially for two reasons:

(i) based on industry trends, the new Management of the Company took a conservative approach to evaluating the assets of the business. As a result, inventory, goodwill, intangibles and investments were significantly written down; and

(ii) several legal and restructuring costs have yet to be incurred as a result of agreements entered into by former Management. Provisions for costs associated with the resolution of these legacy issues have been expensed in the Fiscal 2019.

Statement of Financial Position

The following table provides selected financial information derived from the consolidated statement of financial position as at the following dates:

	30-Nov-19	30-Nov-18	$ Change
Total current assets	$ 51,078,555	$ 87,502,117	$ (36,423,562)
Total non-current assets	16,640,689	29,487,842	(12,847,153)
	$ 67,719,244	$ 116,989,959	$ (49,270,715)
Total current liabilities	$ 11,664,773	$ 6,663,865	$ 5,000,908
Total non-current liabilities	276,534	718,732	(442,198)
	$ 11,941,307	$ 7,382,597	$ 4,558,710

Total current assets

Total current assets decreased by $36.4 million from November 30, 2018 primarily due to a reduction in cash of $40.4 million offset by an increase in prepaid expenses of $3.4 million. The reduction of cash is more fully explained under Liquidity and Capital Resource section of this MD&A.

Total non-current assets

Total non-current assets decreased by $12.4 million from November 30, 2018 primarily due to the goodwill/intangible impairment and the expected credit loss on a loan to an associated company.

Total current liabilities

Total non-current liabilities increased by $5.0 million from November 30, 2018, as a result of contingent provisions associated with legacy agreements and potential indirect tax exposure.

Total non-current liabilities

Total non-current financial liabilities decreased by $0.4 million from November 30, 2018 due to changes in the deferred tax liabilities.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

Management monitors the Company's capital resources to ensure adequate liquidity to fund operations and planned expansions. Management's objectives with respect to liquidity and capital structure are to generate cash to fund the Company's existing operations and growth strategy. As at November 30, 2019, the Company has sufficient capital resources to satisfy its near term and long-term financial obligations, as well as, initiatives related to realizing its strategic vision.

As of November 30, 2019, Namaste had a cash and cash equivalents balance of $37.9 million a reduction of $40.4 million from the previous fiscal year end. The table below sets out the use of cash and cash equivalents over the fiscal year:

		2019 (12 months)		2018 (15 months)
Cash used in operating activities	$	(37,888,810)	$	(17,278,276)
Cash used in investing activities		(6,169,425)		(8,038,210)
Cash provided by financing activities		3,776,220		102,258,235
	$	(40,282,015)	$	76,941,749

Operating activities
Operating activities are comprised of changes in both working and non-cash working capital as indicated in the table below:

		2019 (12 months)		2018 (15 months)
Cash used in operations before changes in working capital	$	(35,737,145)	$	(18,130,748)
Changes in non-cash working capital		(2,151,665)		852,472
	$	(37,888,810)	$	(17,278,276)

For Fiscal 2019, cash used in operating activities was $37.9 million, compared to $17.3 million in Fiscal 2018. This increase in outflow was due primarily to non-recurring expenses, specifically legal, advisory and restructuring costs necessary to maximize recovery and position the Company for growth in Fiscal 2020.

Investing activities
For Fiscal 2019, cash used in investing activities was $6.2 million, compared to $8.0 million in Fiscal 2018. In 2019, the funds were used to acquire equity interests in Choklat and Pineapple, as well as extend to both companies working capital loans. In the prior year, funds were used to acquire Findify, acquire portfolio investments and purchase property and equipment.

Financing activities
For Fiscal 2019, cash generated from financing activities of $3.8 million resulted from warrant and stock conversions, while the majority of the $102.3 million generated in Fiscal 2018 was from issuance of share capital.

Capital resources

The Company is authorized to issue an unlimited number of common shares and an unlimited number of preferred shares. The Company had 323,949,483 common shares that are issued and fully paid as of November 30, 2019.

The table below, shows the detail of changes to the Company's shares:

	Share Capital		
	#		$
Issue of shares for purchase of Pineapple	2,587,466	$	3,210,488
Exercise of stock options and warrants	12,841,375		6,172,508
Share-based compensation	–		10,542
Share buy-backs	(460,900)		(182,751)
Change during Fiscal 2019	14,967,941	$	9,210,787
Issue of shares for cash, net of issue costs	47,443,900	$	52,199,328
Issue of shares for acquisition of Findify	7,142,857		11,785,714
Exercise of stock options and warrants	59,864,369		28,005,438
Share-based compensation	4,845,912		8,658,937
Issue of shares for services	1,068,882		1,958,978
Issue of shares for earn-out	5,067,406		1,190,636
Share buy-backs	(2,167,700)		(657,045)
Change during Fiscal 2018	123,265,626	$	103,141,986

In Fiscal 2019, equity proceeds were used to acquire Pineapple, extend loans to the associates and fund general working capital. In Fiscal 2018, equity proceeds were used to acquire Findify, compensate employees, buy back shares, comply with agreements, fund capital projects and for general working capital purposes.

SEGMENT INFORMATION

The Company consolidates results from six Cash Generating Units ("CGUs" or "Operating Segments"). These include: Namaste Vapes, Australian Vaporizers, CannMart, NamasteMD, Findify and 'Corporate and Other'.

Operational results

The following table presents the Company's operational results for each CGU by fiscal year:

Fiscal 2019	Namaste Vapes	Australian Vaporizers	CannMart	NamasteMD	Findify	Corporate & Other	Total (12 months)
Net revenue	$ 9,494,449	$ 4,618,311	$ 795,682	$ 281,709	$1,150,170	$ -	$ 16,340,321
Adjusted EBITDA	$ (3,792,590)	$ 267,426	$(4,978,738)	$(1,590,597)	$ (624,653)	$ (12,391,921)	$ (23,111,073)
EBITDA	$ (13,968,195)	$(5,732,319)	$(5,376,728)	$(1,590,314)	$ (623,758)	$ (33,802,864)	$ (61,094,178)

Fiscal 2018	Namaste Vapes	Australian Vaporizers	CannMart	NamasteMD	Findify	Corporate & Other	Total (15 months)
Net revenue	$ 16,791,362	$ 6,056,373	$ 318,577	$ 194,902	$ 434,179	$ -	$ 23,795,393
Adjusted EBITDA	$ (10,503,122)	$ 585,968	$ (982,268)	$ (914,036)	$ 29,575	$ (6,113,574)	$ (17,897,457)
EBITDA	$ (10,503,122)	$ 585,968	$ (982,268)	$ (914,036)	$ 29,575	$ (28,368,249)	$ (40,152,132)

Namaste Vapes

Namaste Vapes is comprised of Namaste Bahamas Inc. (a wholly owned subsidiary of Namaste Technologies Inc.) and in 2018 included Dollinger US Inc. Namaste Bahamas is an online retailer of portable and desktop vaporizers, vaporizer parts and accessories. The company manages six global e-commerce sites hosted on Shopify including everyondoesit.com. Sales are also generated through partner websites including Green Vapes, Herbalize and Amazon, and a small portion is derived from B2B customers.

Namaste Vapes showed a revenue year over year decline of $7.3 million as a result of the closure of the Brazilian operations in Fiscal 2019 and Fiscal 2018 including both an extra quarter and the results of Dollinger US Inc. The geographic impact was noted in the UK, Canada, Brazil and Germany.

Australian Vaporizers

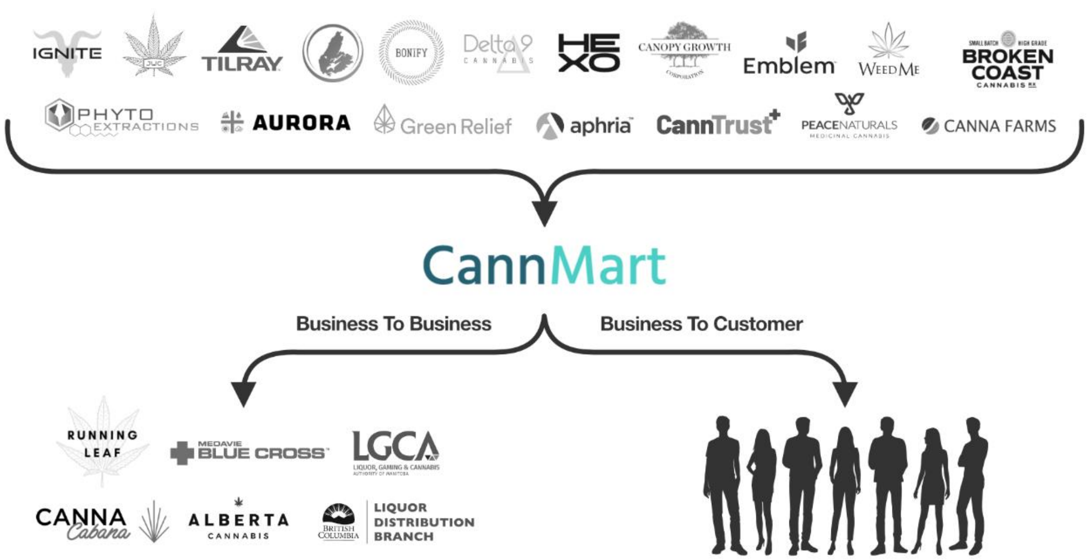
Australian Vaporizers is the largest online supplier of hardware, including vaporizers, glassware and related accessories in Australia. The company is known for its commitment to selection, price and customer service.

Revenue decreased by $1.4 million or 23% year over year partially as a result of the additional quarter in Fiscal 2018.

CannMart CGU

The CannMart CGU is comprised of CannMart Inc. and CannMart Labs Inc.

CannMart Inc. ("CannMart") is a wholly owned subsidiary of Namaste Technologies Inc. A Licensed Producer (LP) under Health Canada's ACMPR, it received the first Canadian medical sales-only licence and operates an on-line platform geared toward the Canadian medical cannabis marketplace. CannMart.com, known as 'your everything cannabis store', offers clients a large variety of medical cannabis strains to fill their prescription needs. Incorporated into this platform is Findify's unique artificial intelligence engine, as well as, 'Uppy' an inhouse application which assists customers by identifying the right product and pairing it to address specific medical cannabis requirements. During 2018 and most of 2019, CannMart Inc. focused on the Business to Consumer (B2C) sales channel. In Q4, 2019 it expanded its offerings to both the provinces and stand-alone business [Business to Business (B2B)]. Currently the company has distribution and licensing deals with several suppliers as noted in the chart below:



Despite the additional quarter in Fiscal 2018, CannMart net revenue increased by $0.4 million or 150% in the Fiscal 2019 compared to the prior fiscal year. A portion of this can be attributed to the wholesale cannabis revenue generated with strategic partnerships with provincial governments. The B2B sales which began in September 2019 generated $0.23 million gross revenue.

CannMart Labs Inc. ("Labs") has submitted its application to Health Canada to receive a processing license. The company is currently building a dedicated facility designed specifically to enable Namaste's strategic vision of introducing a larger portfolio of cannabis products to market. CannMart Labs Inc. is set to produce oil and other products such as gel-caps, tinctures, pre-filled cartridges and edibles allowing the Company to drive profitable growth via its unique distribution strategy. This purpose-built oil extraction facility incorporates leading extraction technology and is anticipated to be complete in the Q2, 2020. Once complete, an evidence package will be submitted to Health Canada. An operating license is anticipated in Q3, 2020.

Following completion of construction and licensing, the facility will allow Labs to produce oils and extracts at a low cost for sale to registered patients of CannMart Inc. resulting in increased margins. Labs will also enable a path to a larger market of consumers by offering a vast portfolio of cannabis products and brands to be sold to both the medical and recreational markets. Management also plans to produce and sell oils/extracts directly to other LPs and participate in the recreational market by selling its products to licensed provincial distributors. The Company intends to utilize the knowledge and data gained from selling hardware in prior years to produce specialized pod-based vaporization systems for use with oil formulations.

CannMart has established a strong brand through its existing retail channels and intends on building on that unique brand in the cannabis oil sector through Labs.

NamasteMD Inc.

NamasteMD.com is a Health Canada compliant telemedicine application, providing an integrated patient portal with remote access to healthcare practitioners for the purpose of acquiring prescriptions for medical cannabis. The platform connects medical clients with health care practitioners to more readily issue and renew cannabis prescriptions online. The company also has a clinical referral program with bricks and mortar clinics. In July 2019, the company signed an agreement with 2103486 Alberta Ltd. operating as "ARBR" to incorporate NamasteMD into the ARBR clinical referral platform.

Findify

Findify is a leading e-commerce Artificial Intelligence ("AI") and machine learning company, which uses AI algorithms to optimise and personalise a consumer's on-site buying experience. Findify is a holistic AI-powered solution providing real-time personalized search, smart collection and recommendation to increase conversion. Findify is an official Shopify Plus Technology Partner, recognized as a "Best-In-Class Solution" for modern, rapidly growing e-commerce businesses. The company has over 1200 customers in more than 60 countries around the world.

Findify revenue was up by 175%, in the Fiscal 2019 due to a customer acquisition strategy targeted outside of Europe.

Corporate and other

The Corporate and other operating segment includes the corporate office, shared services and the Company's investment in both Choklat Inc. and Pineapple Delivery Express Inc.

Choklat Inc.

In Q2, 2019, the Company acquired 49% of Choklat Inc. ("Choklat"), an Albertan food manufacturer known for its artisanal chocolates. In October 2019 the Company extended a secured convertible loan to Choklat to aid with the build out of facilities geared toward the manufacturing of edibles. In January 2020, Choklat received a processing license from Health Canada to produce a line of chocolate bars, drink mixes and infused sugar.

Choklat's intention is to produce a line of cannabis-related products – some of which will be made available in the retail market, and some of which will be made available in bulk to cannabis companies who want to make edibles without involving a lot of food science. The company received its first purchase order for edibles from the Province of Alberta (via CannMart Inc.) in Q1, 2020.

Pineapple Express Delivery Ltd.

Pineapple delivers legal, dependable, quality medicinal and recreational cannabis at a competitive price. The company focuses in-depth security and delivery protocols to facilitate same-day delivery of medical cannabis seven days/week in Canada. Pineapple adheres to the highest standards of health, quality, patients' rights, and discreetly services both adult-use and medicinal patients.

Namaste agreed to make its first investment in Pineapple in Q2, 2018 when it signed a subscription agreement to acquire a 15% equity interest. In Q2, 2019, the Company increased its interest to 49%. During Fiscal 2019, Namaste also provided working capital in separate tranches by granting secured promissory notes to the Company. At November 30, 2019, the balance of $1,512,575, was impaired to the value of security. Subsequent to year end, the Company agreed to loan an additional amount of $125,000 for working capital purposes for the consideration of amendments to certain debt clauses.

In Q2, 2020, a controlling interest of Pineapple was acquired by World Class Extractions Inc. ("WCE"). As part of the transaction, Namaste will be able to convert its outstanding debt into shares of WCE in 11 months. In addition, Namaste has granted WCE the option to acquire Namaste's equity interest in Pineapple during a 60 day period beginning two years following the close of the transaction. This transaction allows Namaste's management to increase their focus on the core business, while adding a new conversion feature to Pineapple's debt thus providing a path to liquidity in the future.

RELATED PARTY TRANSACTIONS

The following table summarizes balances and transactions to/with related parties:

	Note	2019	2018
Related party balances			
Trade and other receivables		-	18,173
Loans receivable from associates	(i)	465,149	-
Accounts payable and accrued liabilities		2,608	305,968
Related party transactions			
Salaries and other compensation costs	(ii)	2,731,518	1,699,629
Directors fees	(iii)	753,635	-
Share based compensation	(iv)	663,667	20,361,094
Service fees	(v)	3,091,821	6,022,560
		7,240,641	28,083,283

Related party balances

(i) During the Fiscal 2019, the Company extended a working capital loan to Choklat in the amount of $300,000 and a secured loan of $1,512,575 to Pineapple Delivery Express bearing interest at 12% due March 31, 2021 for working capital purposes. At November 30, 2019, the Company impaired the Pineapple note to the security value of assets. Subsequent to year end, a further loan of $125,000 was extended to Pineapple in consideration for reversal of certain clauses in existing convertible debt arrangements.

Payments to related parties

(ii) Key management personnel compensation includes salaries, incentives and benefits.
(iii) In Fiscal 2019 Directors received cash compensation, in Fiscal 2018, share based payments were made.

(iv) Share based compensation includes stock options and shares issued to key management personnel.
(v) Service charges from companies associated with key personnel included: a) $2,118,996 for marketing (FY2018—$2,5555,878). Services were discontinued in May 2019; and b) $894,664 for technology support (FY2018—$2,906,054). Services were discontinued in August 2019.

RISKS AND RISK MANAGEMENT

This section discusses factors relating to the business of Namaste that should be considered by both existing and potential investors. The information in this section is intended to serve as an overview and should not be considered comprehensive and Namaste may face additional risks and uncertainties not discussed in this section, or not currently known to us, or that we deem to be immaterial. All risks to Namaste's business have the potential to influence its operations in a materially adverse manner.

Impact of Coronavirus ("COVID-19")

The rapid spread of COVID-19 not only has a human impact, but may also affect global operations. These include curtailment of operations if deemed non-essential services, logistic issues related to supply and delivery of products, the volatility on the stock market which may impact both Namaste's portfolio investments and its ability to raise capital, translation risk as a result of the declining Canadian dollar, delays in financial reporting due to the impact on internal and external contributors. Canadian securities regulators have recognized the latter and provided blanket relief for filers with a 45 day filing extension. Due to the impact on both the resources of the regulator and those of Namaste, the Company's annual filings were delayed.

To minimize the spread of the virus and its impact on the operations, the Company has instituted measures including creating a Committee focused on consistent and open communications with the staff, implementing best in-class hygiene practices, facilitating remote work locations where possible, imposing travel restrictions and minimizing social exposure by conducting meetings remotely. The extent of the financial and operational impact of COVID-19 has yet to be fully determined.

Changes in the Company's Strategy

The Company's proposed business plan is subject to all business risks associated with new business enterprises, including the absence of any significant operating history upon which to evaluate an investment. The likelihood of the Company's success must be considered in light of the problems, expenses, difficulties, complications and delays frequently encountered in connection with the formation of a new business, the development of new strategy and the competitive environment in which the Company operates. It is possible that the Company will incur losses in the future. There is no guarantee that the Company will be profitable.

Regulatory Environment

The Company operates in a new and highly regulated industry and is dependent on receiving and maintaining licences in good standing with Health Canada ("HC"). The Company believes that it currently holds or has applied for all necessary licences/permits to carry on the activities which it is currently conducting under applicable laws and regulations. The Company may incur ongoing costs and obligations related to changing regulatory laws. Failure to comply with regulations may result in additional costs for corrective measures, penalties or restrictions on the Company's operations.

HC routinely inspects license holders to ensure compliance with existing regulations. The Company is continuously reviewing and improving its standard operating procedures, associated operational plans, and employee training, both proactively and in response to these routine inspections. The Company responds to all inspections in a timely manner, including in relation to any noted areas of concern. If the Company fails to comply with applicable laws, regulations, guidelines, and enforceable policies, the Company may be the subject of enforcement action, which could include incurring additional costs or penalties, or the Company's licence may be restricted, suspended or revoked.

New well-capitalized entrants may develop large-scale operations

Currently, the cannabis industry generally is comprised of individuals and small to medium-sized entities, however, the risk exists that large conglomerates and companies who also recognize the potential for financial success through investment in this industry could strategically purchase or assume control of larger or a larger number of production facilities, which trend is now being observed by the Company. These potential competitors may have longer operating histories, significantly greater financial, technological, engineering, manufacturing, marketing and distribution resources, and be larger and better capitalized. Larger competitors could establish price setting and cost controls which would effectively "price out" many of the individuals and small to medium-sized entities who currently make up the bulk of the participants in the varied businesses operating within and in support of the medical and adult-use cannabis industry. While the approach in most laws and regulations seemingly deters this type of takeover, this industry remains nascent and as indicated above this trend is being observed, so what the landscape will be in the future remains largely unknown.

Impact of the Illicit Supply of Cannabis

In addition to competition from licenced producers and those able to produce cannabis legally without a licence, we also face competition from unlicensed and unregulated market participants, including illegal dispensaries and black-market suppliers selling cannabis and cannabis-based products in Canada.

Despite the legalization of medical and adult-use cannabis in Canada, black market operations remain and are a substantial competitor to our business. In addition, illegal dispensaries and black market participants may be able to (i) offer products with higher concentrations of active ingredients that are either expressly prohibited or impracticable to produce under current Canadian regulations, and (ii) use delivery methods, including edibles, concentrates and extract vaporizers, that we are currently prohibited from offering to individuals in Canada, (iii) use marketing and branding strategies that are restricted under the Cannabis Act and Cannabis Regulations, and (iv) make claims not permissible under the Cannabis Act and other regulatory regimes. As these illicit market participants do not comply with the regulations governing the medical and adult-use cannabis industry in Canada, their operations may also have significantly lower costs.

As a result of the competition presented by the black market for cannabis, any unwillingness by consumers currently utilizing these unlicensed distribution channels to begin purchasing from licenced producers for any reason or any inability or unwillingness of law enforcement authorities to enforce laws prohibiting the unlicensed cultivation and sale of cannabis and cannabis-based products could (i) result in the perpetuation of the black market for cannabis, (ii) adversely affect our market share and (iii) adversely impact the public perception of cannabis use and licenced cannabis producers and dealers, all of which would have a materially adverse effect on our business, operations and financial condition.

Results of Future Clinical Research

Research in Canada, the U.S. and internationally regarding the medical benefits, viability, safety, efficacy, dosing and social acceptance of cannabis or isolated cannabinoids (such as CBD and THC) remains in early stages. There have been relatively few clinical trials on the benefits of cannabis or isolated cannabinoids (such as CBD and THC) and future research and clinical trials may discredit the medical benefits, viability, safety, efficacy, and social acceptance of cannabis or could raise concerns regarding, and perceptions relating to, cannabis. Given these risks, uncertainties and assumptions, prospective purchasers of the Company's securities should not place undue reliance on such articles and reports. Future research studies may reach negative conclusions regarding the medical benefits, viability, safety, efficacy, dosing, social acceptance or other facts and perceptions related to cannabis, which could have a material adverse effect on the demand for the Company's products with the potential to lead to a material adverse effect on the Company's business, financial condition, results of operations or prospects

Product Liability

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

Product Recalls

Manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labeling disclosure. Such recalls cause unexpected expenses of the recall and any legal proceedings that might arise in connection with the recall. This can cause loss of a significant amount of sales. In addition, a product recall may require significant management attention. Although the Company has detailed procedures in place for testing its products, there can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. Additionally, if one of the Company's products were subject to recall, the image of that product and the Company could be harmed. Additionally, product recalls can lead to increased scrutiny of operations by applicable regulatory agencies, requiring further management attention and potential legal fees and other expenses.

Risks related to vaping and vaping products

On October 4, 2019, the U.S. Food and Drug Administration issued a warning to the public to stop using vaping liquids containing cannabis derivatives and ingredients, such as CBD and THC, in light of a potential but unconfirmed link to lung injuries such as severe pulmonary illness. Such warnings appear to be particularly focused on the use of vaping liquids purchased from unlicensed or unregulated retailers. Lung injuries associated with the use of cannabis derivative containing vaping liquid have equally been reported in Canada but to a lesser extent. In response, Health Canada has issued an information update advising Canadians who use cannabis derivative containing vaping liquids to monitor themselves for symptoms of pulmonary illness. There may be further governmental and private sector actions aimed at reducing the sale of cannabis containing vaping liquids and/or seeking to hold manufacturers of cannabis containing vaping liquids responsible for the adverse health effects associated with the use of these vaping products. These actions, combined with potential deterioration in the public's perception of cannabis containing vaping liquids, may result in a reduced market for vaporizer products. Federal, provincial and local regulations or actions that prohibit or restrict the sale of vaporizer products including cannabis derivative vaping liquids, or that decrease consumer demand for the Company's products by prohibiting their use, raising the minimum age for their purchase, raising the purchase prices to unattractive levels via taxation, or banning their sale, could adversely impact the financial condition and results of operations of the Company.

Increased tax on products could adversely affect the business

Supply to our customers is sensitive to increased sales taxes and economic conditions affecting their disposable income. Discretionary consumer purchases, such as cannabis, vaporization products and consumption accessories, may decline during recessionary periods or at other times when disposable income is lower, and taxes may be higher. Presently, the sale of products is, in certain jurisdictions, subject to federal, state, provincial and local excise taxes like the sale of conventional cigarettes or other tobacco products, all of which generally have high tax rates and have faced significant increases in the amount of taxes collected on their sales. Other jurisdictions are contemplating similar legislation and other restrictions on electronic cigarettes and certain other vaporizer products. Should federal, state, provincial and local governments and/or other taxing authorities begin or continue to impose excise taxes similar to those levied against conventional cigarettes and tobacco products on cannabis, vaporization products or consumption accessories, it may have a material adverse effect on the demand for those products, as consumers may be unwilling to pay the increased costs, which in turn could have a material adverse effect on our business, results of operations and financial condition. We may become involved in regulatory or agency proceedings, investigations and audits. Our business, and the business of the suppliers from which we acquire the products we sell, requires compliance with many laws and regulations. Failure to comply with these laws and regulations could subject us or such suppliers to regulatory or agency proceedings or investigations and could also lead to damage awards, fines and penalties. We or such suppliers may become involved in a number of government or agency proceedings, investigations and audits. The outcome of any regulatory or agency proceedings, investigations, audits, and other contingencies could harm our reputation or the reputations of the brands that we sell, require us to take, or refrain from taking, actions that could harm our operations or require us to pay substantial amounts of money, harming our financial condition. There can be no assurance that any pending or future regulatory or agency proceedings, investigations and audits will not result in substantial costs or a diversion of management's attention and resources or have a material adverse impact on our business, financial condition and results of operations.

In addition to the above, the Company is also subject other risk factors as described in greater detail under the heading "Risks and Uncertainties" in the Company's FS, for the year ended November 30, 2019, available under the Company's profile at www.sedar.com.

NON-IFRS FINANCIAL MEASURES

The following table reconciles net loss to Adjusted EBITDA for the periods presented:

	Notes		2019 (12 months)		2018 (15 months)
Net loss		$	**(63,230,354)**	$	**(41,617,431)**
Income tax	(i)		(365,474)		(422,062)
Depreciation and amortization	(i)		2,501,650		1,887,361
EBITDA			**(61,094,178)**		**(40,152,132)**
Other income	(ii)		(1,219,575)		(1,115,533)
Transaction, restructuring and other costs	(iii)		15,136,724		1,441,873
Impairment of goodwill and intangibles	(iv)		16,138,602		-
Impairment of loans receivable	(v)		1,391,224		-
Share of associates' loss, net of tax	(vi)		4,520,908		-
Share-based compensation	(i)		2,015,222		21,928,335
Adjusted EBITDA		$	**(23,111,073)**	$	**(17,897,457)**

(i) Current and deferred income taxes, depreciation and amortization, and share-based compensation were excluded from the Adjusted EBITDA calculation as they do not represent cash expenditures.

(ii) Other income consisting of gain on disposal of subsidiary, interest income, realized gain on disposition of AFS investments, unrealized gain on derivatives and other miscellaneous non-recurring income were excluded from Adjusted EBITDA calculation.

(iii) Non-recurring costs related to restructuring and legacy issues were excluded from Adjusted EBITDA calculation.

(iv) Impairment loss relating to goodwill, customer list, domains and brand names were excluded from Adjusted EBITDA calculation.

(v) Impairment loss relating to receivable is a provision for expected credit loss to an associated and was excluded from Adjusted EBITDA calculation.

(vi) Share of associates loss, net of tax, is excluded due to lack of control.