NAMASTE TECHNOLOGIES INC.
Condensed Consolidated Interim Financial Statements
(Unaudited)

For the three months ended February 29, 2020 and February 28, 2019
(In Canadian dollars)

NAMASTE TECHNOLOGIES INC.

Page

MANAGEMENT'S COMMENTS ON UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if any auditor has not performed a review of the Interim Condensed Consolidated financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The accompanying unaudited Interim Condensed Consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of Interim Condensed Consolidated financial statements by an entity's auditor.

NAMASTE TECHNOLOGIES INC.

Condensed Consolidated Interim Statements of Financial Position
As at February 29, 2020 and November 30, 2019
(Unaudited – Expressed in Canadian dollars)

	Notes		February 29, 2020		November 30, 2019
ASSETS					
Current assets					
Cash and cash equivalents	15	$	26,996,360	$	37,856,048
Trade and other receivables	4		3,268,638		2,495,776
Short-term portion of loans receivable	14,16		313,447		-
Inventories	5		8,888,257		5,997,246
Prepaid expenses and other assets	10,16		4,884,487		4,729,485
Total current assets			44,351,189		51,078,555
Non-current assets					
Investments in associates	6		578,268		1,345,779
Portfolio investments, including derivatives	7,14		2,624,080		3,365,112
Property and equipment, net	2,8		2,692,643		1,343,571
Long-term portion of loans receivable	14,16		201,215		465,149
Intangible assets, net			7,008,238		7,561,958
Goodwill			667,091		667,091
Other assets	10		1,142,539		1,892,029
Total non-current assets			14,914,074		16,640,689
Total assets		$	59,265,263	$	67,719,244
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities					
Accounts payable and accrued liabilities	14,16	$	7,149,498	$	7,104,861
Short-term portion of lease liabilities	2,11		236,850		-
Deferred revenue			211,106		595,162
Provisions	9		3,372,868		3,964,750
Total current liabilities			10,970,322		11,664,773
Non-current liabilities					
Deferred tax liabilities			191,568		276,534
Long-term portion of lease liabilities	2,11		652,828		-
Total non-current liabilities			844,396		276,534
Shareholders' equity					
Share capital	12		133,992,359		133,989,964
Contributed surplus			18,251,098		4,101,586
Options Reserve			9,417,730		10,541,291
Warrants reserve			20,114,526		33,105,831
Accumulated deficit			(133,932,713)		(126,581,051)
Accumulated other comprehensive income (loss)			(267,898)		704,871
Total equity attributable to owners of the Company			47,575,102		55,862,492
Non-controlling interest			(124,557)		(84,555)
Total shareholders' equity			47,450,545		55,777,937
Total liabilities and shareholders' equity		$	59,265,263	$	67,719,244

The accompanying notes are an integral part of the condensed consolidated interim financial statements.

Approved on behalf of the Board on June 9, 2020 by:

"Branden Spikes" Director

"Meni Morim" Director

NAMASTE TECHNOLOGIES INC.

Condensed Consolidated Interim Statements of Operations
For the three months ended February 29, 2020 and February 28, 2019
(Unaudited – Expressed in Canadian dollars)

Three months ended	Notes		February 29, 2020		February 28, 2019 (i)
Gross Revenue		$	5,463,578	$	4,614,645
Excise taxes			(156,423)		(21,188)
Net revenue	3,13		5,307,155		4,593,457
Cost of goods sold	5		4,537,821		3,810,304
Gross profit before inventory adjustment		$	769,334	$	783,153
Inventory write-down	5		195,000		-
Gross profit			574,334		783,153
Salaries and other compensation costs			2,530,262		2,580,902
Office and general			2,622,302		2,048,713
Technological development			511,269		511,087
Professional fees			413,701		252,135
Selling and marketing expense			494,366		536,684
Depreciation and amortisation	8		726,281		666,212
Share-based compensation	12		35,811		1,403,536
Loss before following:		$	(6,759,658)	$	(7,216,116)
Other income			(160,073)		(424,287)
Restructuring and other non-recurring expenses			-		3,579,500
Impairments on investment in associates	6		578,267		-
Share of associates' loss, net of tax	6		189,244		-
Net loss before income tax (expense) recovery			(7,367,096)		(10,371,329)
Income tax (expense) recovery			(24,568)		93,293
Net loss		$	(7,391,664)	$	(10,278,036)
Net loss attributable to:					
Shareholders of the Company		$	(7,351,662)	$	(10,269,360)
Non-controlling interest - period			(40,002)		(8,676)
Net loss		$	(7,391,664)	$	(10,278,036)
Net loss per share (basic and diluted)		$	(0.02)	$	(0.03)
Weighted average number of outstanding common shares (basic and diluted)			323,951,186		312,795,176

(i) Certain comparative figures have been reclassified to conform with the current year presentation (see Note 2(d)).

The accompanying notes are an integral part of the condensed consolidated interim financial statements.

NAMASTE TECHNOLOGIES INC.

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
For the three months ended February 29, 2020 and February 28, 2019
(Unaudited – Expressed in Canadian dollars)

Three months ended	Notes		February 29, 2020		February 28, 2019
Net loss		$	(7,391,664)	$	(10,278,036)
Other comprehensive income (loss):					
Items that are or may be reclassified to profit or loss					
Cumulative translation adjustment (CTA)			(334,357)		120,295
Items that will not be reclassified to profit or loss					
Changes in the fair value of equity investments, net of tax			(638,412)		50,059
			(972,769)		170,354
Net comprehensive loss		$	(8,364,433)	$	(10,107,682)
Net comprehensive loss attributable to:					
Shareholders of the Company		$	(8,324,431)	$	(10,099,006)
Non-controlling interest			(40,002)		(8,676)
Net comprehensive loss		$	(8,364,433)	$	(10,107,682)

The accompanying notes are an integral part of the condensed consolidated interim financial statements.

NAMASTE TECHNOLOGIES INC.

Condensed Consolidated Interim Statements of Changes in Shareholders' (Deficiency) Equity
For the three months ended February 29, 2020 and February 28, 2019
(Unaudited – Expressed in Canadian dollars)

Namaste Technologies

	Attributable to shareholders of the Company											
	Share Capital		Warrants Reserve		Options Reserve		Contributed Surplus	Accumulated OCI	Accumulated Deficit	Total Equity	Non-controlling interests	Total Shareholders' Equity
	#	$	#	$	#	$	$	$	$	$	$	$
Balance at November 30, 2019	323,949,483	133,989,964	30,225,658	33,105,831	10,857,621	10,541,291	4,101,586	704,871	(126,581,051)	55,862,492	(84,555)	55,777,937
Total comprehensive income (loss):												
Net loss	-	-	-	-	-	-	-	-	(7,351,662)	(7,351,662)	(40,002)	(7,391,664)
Other comprehensive income	-	-	-	-	-	-	-	(972,769)	-	(972,769)	-	(972,769)
Transactions directly recorded in equity:												
Exercise of stock options	5,000	2,395	-	-	(5,000)	(1,165)	-	-	-	1,230	-	1,230
Forfeiture of options and warrants	-	-	(16,303,158)	(12,991,305)	(1,725,625)	(1,524,003)	14,149,512	-	-	(365,796)	-	(365,796)
Share-based compensation	-	-	-	-	200,000	401,607	-	-	-	401,607	-	401,607
Balance at February 29, 2020	323,954,483	133,992,359	13,922,500	20,114,526	9,326,996	9,417,730	18,251,098	(267,898)	(133,932,713)	47,575,102	(124,557)	47,450,545

	Attributable to shareholders of the Company											
	Share Capital		Warrants Reserve		Options Reserve		Contributed Surplus	Accumulated OCI	Accumulated Deficit	Total Equity	Non-controlling interests	Total Shareholders' Equity
	#	$	#	$	#	$	$	$	$	$	$	$
Balance at November 30, 2018	308,981,542	125,123,144	40,495,658	34,340,037	20,351,750	12,674,068	-	576,717	(63,085,385)	109,628,581	(21,219)	109,607,362
Impact of reclassification adjustment	-	(343,967)	-	-	-	-	343,967	-	-	-	-	-
Adjusted balance November 30, 2018	308,981,542	124,779,177	40,495,658	34,340,037	20,351,750	12,674,068	343,967	576,717	(63,085,385)	109,628,581	(21,219)	109,607,362
Total comprehensive income (loss):												
Net loss	-	-	-	-	-	-	-	-	(10,269,360)	(10,269,360)	(8,676)	(10,278,036)
Other comprehensive income	-	-	-	-	-	-	-	170,354	-	170,354	-	170,354
Transactions directly recorded in equity:												
Exercise of stock options and warrants	10,421,875	4,962,043	(9,910,000)	(1,174,034)	(511,875)	(137,638)	-	-	-	3,650,372	-	3,650,372
Forfeiture of options and warrants	-	-	(300,000)	(49,006)	(2,084,375)	(1,645,371)	49,006	-	-	(1,645,371)	-	(1,645,371)
Share-based compensation	-	10,542	-	-	860,000	3,038,365	-	-	-	3,048,907	-	3,048,907
Share buy-backs	(460,900)	(182,751)	-	-	-	-	-	-	(328,648)	(511,399)	-	(511,399)
Balance at February 28, 2019	318,942,517	129,569,011	30,285,658	33,116,998	18,615,500	13,929,424	392,973	747,071	(73,683,393)	104,072,084	(29,895)	104,042,189

The accompanying notes are an integral part of the condensed consolidated interim financial statements.

NAMASTE TECHNOLOGIES INC.

Condensed Consolidated Interim Statements of Cash Flow
For the three months ended February 29, 2020 and February 28, 2019
(Unaudited – Expressed in Canadian dollars)

Three months ended	Notes	February 29, 2020	February 28, 2019
Cash flows from operating activities:			
Net loss		$ (7,391,664)	$ (10,278,036)
Adjustments for:			
Depreciation	8	171,445	88,918
Amortization		554,836	577,294
Share of the associates' loss, net of tax	6	189,244	-
Impairment on investment in associates	6	578,267	-
Share based compensation	12	35,811	1,403,536
Unrealized loss (gain) on derivatives	7(b)	2,983	(24,364)
Net movement in impairment allowance on trade and other receivables	14(ii)	450,000	-
Net movement in provision for inventories	5	(420,448)	-
Net movement in provision on prepaid expenses and other assets	14(ii)	450,000	-
Other non-cash income		(9,193)	-
Deferred tax expense (recovery)		12,966	(103,095)
Foreign exchange (gain) or loss		(336,931)	135,988
Cashflow used in operations before changes in non-cash working capital		(5,712,684)	(8,199,759)
Changes in non-cash working capital	15	(4,445,394)	(2,396,344)
Net cash used in operating activities		(10,158,078)	(10,596,103)
Cash flows from investing activities:			
Purchase of equity invesments		-	(355,310)
Purchase of property and equipment	8	(586,880)	(72,778)
Purchase of intangible assets		-	(1,054,610)
Loans advanced to associates	17	(40,320)	-
Net cash used in investing activities		(627,200)	(1,482,698)
Cash flows from financing activities:			
Proceeds from exercise of warrants and stock options	12	1,230	3,650,372
Cash used for shares buyback		-	(511,399)
Repayment of loans payable		(4,755)	(5,759)
Earn-out payment	11	(70,885)	-
Net cash (used) provided by financing activities		(74,410)	3,133,214
Net (decrease) increase in cash and cash equivalents		(10,859,688)	(8,945,587)
Effect of movement in exchange rates on cash held		-	833
Cash and cash equivalents, beginning of the period		37,856,048	78,210,706
Cash and cash equivalents, end of the period		$ 26,996,360	$ 69,265,952

See Note 15 for additional cash flow information.

1. General information

Namaste Technologies Inc. ("Namaste" or the "Company") is a publicly traded company incorporated under the British Columbia Business Corporations Act and is a reporting issuer in British Columbia, Saskatchewan, Manitoba, Ontario, Alberta, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador. Namaste's common shares are 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".The Company's registered office is 2300 - 550 Burrard Street, Vancouver, British Columbia, Canada.

Namaste leverages smart technology to drive online sales of medical cannabis, cannabis products and accessories globally. The Company operates on three continents, with websites and distribution hubs located around the globe including Europe, Australia and Canada.

The condensed consolidated interim financial statements were approved and authorized by the Board of Directors of the Company on June 9, 2020.

2. Summary of significant accounting policies

(a) Basis of presentation

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting, and should be read in conjunction with the Company's audited consolidated financial statements as at and for the fiscal year ended November 30, 2019 ("last annual financial statements"), which were prepared in accordance with International Financial Reporting Standards ("IFRS"). They do not include all of the information required for a complete set of IFRS financial statements.

(b) Basis of measurement

These condensed consolidated interim financial statements are presented in Canadian dollars and are prepared on a historical cost basis, except for certain financial instruments which are measured either through profit or loss ("FVTPL") or through other comprehensive income ("FVOCI").

(c) Basis of consolidation

These condensed consolidated interim financial statements incorporate the financial statements of the Company and its subsidiaries. The accounts of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. Intercompany transactions, balances and unrealized gains or losses on transactions are eliminated. The table below lists the Company's subsidiaries, investment in associate and the ownership interests in each:

(Expressed in Canadian dollars, unless otherwise noted)

Entity	% Ownership	Jurisdiction	Functional currency	Accounting method
Australian Vaporizers Pty Ltd.	100%	Australia	Australian dollar	Consolidation
CannMart Inc.	100%	Canada	Canadian dollar	Consolidation
CannMart Labs Inc.	51%	Canada	Canadian dollar	Consolidation
Choklat Inc.	49%	Canada	Canadian dollar	Equity
Findify AB	100%	Sweden	Swedish krona	Consolidation
Namaste Bahamas Inc.	100%	Bahamas	U.S. dollar	Consolidation
Namaste Technologies Holdings Inc.	100%	Canada	U.S. dollar	Consolidation
Namaste Technologies Inc.	100%	Canada	Canadian dollar	Consolidation
NamasteMD Inc.	100%	Canada	Canadian dollar	Consolidation
Pineapple Express Delivery Inc.	49%	Canada	Canadian dollar	Equity

(d) Reclassification of expenses

In Q4 2019, the Company modified the classification of merchant charges, consulting fees, selling and marketing expenses, patient coordinators and administration costs, and certain legal and professional fees to appropriately reflect the way in which economic benefits are derived from its use. Comparative amounts in the statement operations were reclassified for consistency.

(i) $200,631 of merchant charges were reclassified from 'office and general expenses' to 'cost of goods sold',

(ii) $3,579,500 of legal and other professional fees incurred in connection with the work initiated by the Special Committee of the Board of Directors were reclassified from 'office and general expenses' to 'restructuring and other non-recurring expenses'.

(e) Use of management estimates, judgments, and measurement uncertainty

The preparation of these financial statements requires management to make judgments and estimates and form assumptions that affect the reported amounts. Such estimates primarily relate to unsettled transactions and events. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenues, and expenses. Management uses various factors as the basis for these judgments and estimates.

The critical judgments and significant estimates in applying accounting policies that have the most significant effect on the amounts recognized in the condensed consolidated interim financial statements are outlined in Note 2 of the last annual financial statements. There has been no significant changes in the Company's judgments and estimates applied during the three months ended February 29, 2020, except as described in Note 2(f).

(f) Investment in associates

During Q1, 2020, the Company has elected to change the presentation of impairments on investments in associates. This will now be reflected in a separate line item on the consolidated statement of operations as compared to including it in "share of associate's loss".

(g) New accounting standards effective December 1, 2019

Except as described below, there have been no material changes in the Group's significant accounting policies during the three months ended February 29, 2020, as compared to the significant accounting policies described in the last annual financial statements.

In 2016, the IASB issued IFRS 16, Leases ("IFRS 16"), replacing IAS 17, Leases ("IAS 17"), and related interpretations. The standard introduces a single on-balance sheet recognition and measurement model for lessees, eliminating the distinction between operating and finance leases. The lessee recognizes a right-of-use asset representing its control of and right to use the underlying asset and a lease liability representing its obligation to make future lease payments. Lessors continue to classify leases as finance and operating leases. IFRS 16 became effective for annual periods beginning on or after January 1, 2019. The Company adopted the standard on December 1, 2019 under the modified retrospective approach, with no restatement of the prior comparative period.

Substantially all of the Company's leases are real estate leases for offices, warehouses and production facility, and were classified as operating leases prior to adoption of IFRS 16.

On December 1, 2019, the Company recognized right-of-use assets and lease liabilities for its leases previously classified as operating leases under IAS 17, except for certain classes of underlying assets for which the lease terms are 12 months or less. The depreciation expense on right-of-use assets and interest expense on lease liabilities replaced rent expense, which was previously recognized on a straight-line basis under IAS 17 over the term of a lease.

(Expressed in Canadian dollars, unless otherwise noted)

The implicit rate is applied to lease liabilities recognized in the statement of financial position on December 1, 2019 was 12%. The average lease term remaining at December 1, 2019 was 3.7 years.

IFRS 16 permits the use of recognition exemptions and practical expedients. The Company applied the following recognition exemptions and practical expedients:

- contracts that were identified as not containing leases under IAS 17 will not be reassessed under IFRS 16;
- a single discount rate will be applied to a portfolio of leases with reasonably similar underlying characteristics;
- initial direct costs will be excluded in the measurement of the right-of-use asset on transition;
- use hindsight in determining lease term at the date of initial application;
- IFRS 16 will not be applied for leases where the original or the remaining terms is less than 12 months.

The following table provides a reconciliation between operating lease commitments disclosed at November 30, 2019 and lease liabilities recognized on December 1, 2019:

Operating lease commitments disclosed as to November 30, 2019	$	1,301,492
Discounted using the weighted average incremental borrowing rate as at November 30, 2019		(272,776)
Lease excluded from lease liability due to recognition exemptions		(97,042)
Opening balance of lease liabilities as at December 1, 2019	$	931,674

(Expressed in Canadian dollars, unless otherwise noted)

The following table summarizes the adjustments to opening balances resulting from the initial adoption of IFRS 16:

	As previously reported under IAS 17 November 30, 2019	IFRS 16 transition adjustment	Balance as at December 1, 2019
Assets:			
Property and equipment			
Right-of-use of assets	$ -	$ 931,674	$ 931,674
Total impact to assets	$ -	$ 931,674	$ 931,674
Liabilities:			
Short-term portion of lease liabilities	$ -	$ 243,867	$ 243,867
Long-term portion of lease liabilites	-	687,807	687,807
Total impact to liabilities	$ -	$ 931,674	$ 931,674

As a result of adopting IFRS 16, the Company updated its lease accounting policies as follows:

Leased assets

The Company recognizes a right-of-use asset and a lease liability as the present value of future lease payments when the lessor makes the leased asset available for use by the Company.

Lease liabilities include the net present value of fixed payments, variable lease payments that are based on an index or a rate, amounts expected to be payable by the Company under residual value guarantees, and the exercise price of a purchase option or penalties for terminating the lease, if the Company is reasonably certain to exercise those purchase or termination options. Lease liabilities are recognized net of lease incentives receivable. The lease payments are discounted using the interest rate implicit in the lease, or, if that rate cannot be readily determined, the lessee’s incremental borrowing rate. Subsequent to initial measurement, the Company measures lease liabilities at amortized cost using the effective interest rate method.

Lease terms applied are the contractual non-cancellable periods of the lease, plus periods covered by renewal options or termination options, if the Company is reasonably certain to exercise those options. Lease liabilities are remeasured when there is a change in lease term, a change in the assessment of an option to purchase the leased asset, a change in expected residual value guarantee, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments. Right-of-use assets are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes the amount of the initial measurement of the related lease liability, plus any lease payments made at or before the commencement date and any initial direct costs and future restoration costs, less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis from the date that the underlying asset is available for use. Depreciation is recorded over the shorter of the lease term and the useful life of the underlying asset, unless the lease transfers ownership of the underlying asset to the lessee by the end of the lease term, in which case depreciation is recorded over the useful life of the underlying asset.

Lease payments for assets that are exempt through the short-term exemption and variable payments not based on an index or rate continue to be recognized in office and general expenses.

Subleases

When the Company enters into sublease arrangements as an intermediate lessor, it assesses whether the sublease is classified as a finance sublease or an operating sublease by reference to the corresponding right-of-use asset arising from the head lease, rather than by reference to the underlying asset. A sublease is a finance sublease if substantially all the risks and rewards incidental to ownership of the related right-of-use asset on the head lease have been transferred to the sub-lessee.

Use of estimates and judgments in lease accounting

The Company has applied judgment to determine the lease term for some lease contracts that include renewal or termination options. The assessment of whether the Company is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognized.

The Company is required to estimate the incremental borrowing rates used to discount lease liabilities if the interest rate implicit in the lease is not readily determined. In determining the incremental borrowing rates, management considers the Company's creditworthiness, the security, the term, the value of the underlying leased asset, and the economic operational environment of the leased asset. The incremental borrowing rates are subject to change mainly due to macroeconomic changes.

(Expressed in Canadian dollars, unless otherwise noted)

3. Operating segments

Segmented information

The operating segments of the Group are known as Namaste Vapes, Australian Vaporizers, CannMart Inc. and CannMart Labs Inc. (together referred to as the "CannMart"), Namaste MD, Findify and Corporate & Other. In determining the operating segments, management considered the product mix as well as the geographical segments that the business units sell under.

Disclosure by segment pertaining to income statement transactions are for the three months ended February 29, 2020 and February 28, 2019, while asset and liability balances are as at February 29, 2020 and November 30, 2019 were as follows:

	Namaste Vapes	Australian Vaporizers	CannMart	Namaste MD	Findify	Corporate & Other	Total
Revenue	$	$	$	$	$	$	$
Net segment revenue	2,645,229	1,010,938	1,302,291	77,002	345,465	-	5,380,925
Intersegment revenue	-	(33,344)	-	(31,406)	(9,020)	-	(73,770)
External revenue	2,645,229	977,594	1,302,291	45,596	336,445	-	5,307,155
Depreciation and amortisation	80,922	10,593	150,990	93,173	-	390,603	726,281
Income tax (expense) recovery	-	58,573	-	-	16,496	(99,637)	(24,568)
Net loss	(1,056,853)	(469,768)	(4,079,053)	(281,555)	(321,787)	(1,182,648)	(7,391,664)
Total assets	6,108,101	5,300,931	15,091,691	613,308	1,836,783	30,314,449	59,265,263
Total liabilities	2,684,965	320,240	2,486,288	34,971	321,794	5,966,459	11,814,718

	Namaste Vapes	Australian Vaporizers	CannMart	Namaste MD	Findify	Corporate & Other	Total
Revenue	$	$	$	$	$	$	$
Net segment revenue	3,039,725	1,057,801	145,052	103,866	265,736	-	4,612,180
Intersegment revenue	-	-	-	(18,723)	-	-	(18,723)
External revenue	3,039,725	1,057,801	145,052	85,143	265,736	-	4,593,457
Depreciation and amortisation	10,321	232,587	73,612	267,581	76,950	5,161	666,212
Income tax (expense) recovery	-	59,643	-	-	26,004	7,646	93,293
Net loss	(2,266,506)	(140,274)	(703,725)	(483,996)	(107,426)	(6,576,109)	(10,278,036)
Total assets	7,766,698	3,489,947	8,817,062	594,407	1,958,247	45,092,883	67,719,244
Total liabilities	2,973,343	410,879	1,039,477	81,135	335,263	7,101,210	11,941,307

(Expressed in Canadian dollars, unless otherwise noted)

Included in net revenue arising from the CannMart operating segment for the three months ended February 29, 2020 is net revenue of $620,458 (three months ended February 28, 2019: $nil) which arose from sales to the Company's major customer. No other single customer contributed 10 per cent or more to the Company's net revenue during the three ended February 29, 2020.

Geographical information

The Company markets its products and services globally. Net revenue is attributed to the following regions based on the location of customers:

Three months ended		February 29, 2020		February 28, 2019
Europe	$	1,814,801	$	1,618,298
Australia		1,012,167		1,207,131
North America		2,449,661		868,204
South America		528		628,507
Other		29,998		271,317
	$	5,307,155	$	4,593,457

4. Trade and other receivables

Trade and other receivables as at February 29, 2020 and November 30, 2019 were as follows:

		February 29, 2020		November 30, 2019
Trade receivables	$	981,233	$	918,862
Other receivables (i)		1,102,179		775,258
Sales tax receivable		1,109,379		698,508
Income tax receivable		75,847		103,148
	$	3,268,638	$	2,495,776

(i) Other receivables mainly consist of the short-term portion of receivables arising from a wholesale sale of hardware inventory to a buyer in Brazil and an insurance claim for finished products.

5. Inventories

Inventories as at February 29, 2020 and November 30, 2019 were as follows:

(Expressed in Canadian dollars, unless otherwise noted)

	February 29, 2020	November 30, 2019
Finished goods - dried cannabis	$ 6,195,232	$ 4,621,827
Finished goods - vaporisers	3,733,391	2,835,434
Total inventories, gross	$ 9,928,623	$ 7,457,261
Provision for inventories-hardware	$ (172,002)	$ (171,203)
Provision for inventories-cannabis	(868,364)	(1,288,812)
Total inventories, net	$ 8,888,257	$ 5,997,246

The cost of inventories recognized as an expense and included in cost of goods sold for the three months ended February 29, 2020 was $3,747,969 (Q1, 2019: $3,613,366), this amount included a provision of $420,488 which was taken during fiscal 2019. In addition, the Company made the strategic decision to destroy certain regulatory product due to the possibility of contaminants, resulting in an inventory write off of $195,000.

6. Investment in associates

Following is the movement schedule of investments in associates:

	Choklat Inc.	Pineapple Express Delivery Inc.	Total
Cost of investments in associates	$ 1,750,000	$ 4,116,687	$ 5,866,687
Company's share of losses, net of tax	(404,221)	(1,198,369)	(1,602,590)
Impairment loss	-	(2,918,318)	(2,918,318)
Balance at November 30, 2019	$ 1,345,779	$ -	$ 1,345,779
Share of loss	(189,244)	-	(189,244)
Impairment loss	(578,267)	-	(578,267)
Balance at February 29, 2020	$ 578,268	$ -	$ 578,268

(Expressed in Canadian dollars, unless otherwise noted)

7. Portfolio investments

Portfolio investments as at February 29, 2020 and November 30, 2019 were as follows:

	Notes		February 29, 2020		November 30, 2019
Equity investments – at FVOCI	(a)	$	2,620,202	$	3,358,251
Derivatives – at FVTPL	(b)		3,878		6,861
		$	2,624,080	$	3,365,112

(a) Equity investments designated at FVOCI comprise of investments in equity shares of listed and non-listed companies. These investments were irrevocably designated at fair value through OCI as the Company considers these investments to be strategic in nature.

	Number of shares acquired		Cost		Fair Value		Unrealised (gain)/loss-gross
2020:							
Atlas Biotechnologies Inc.	200,000	$	200,000	$	1,200,000	$	(1,000,000)
Cannbit Pharmaceutical Ltd.	404,933		464,715		920,696		(455,981)
Inolife R&D Inc.	2,000,000		200,000		200,000		-
Kief Cannabis Company Ltd.	46,729		250,000		250,000		-
Lovelabs.com Inc.	8,243		32,220		32,220		-
RMMI Corp.	100,000		250,000		10,000		240,000
The Green Organic Dutchman Holdings Ltd.	26,021		94,982		7,286		87,696
YPB Group Ltd.	3,800,000		130,000		-		130,000
		$	1,621,917	$	2,620,202	$	(998,285)

	Number of shares acquired		Cost		Fair Value		Unrealised (gain)/loss-gross
2019:							
Atlas Biotechnologies Inc.	200,000	$	200,000	$	1,200,000	$	(1,000,000)
Cannbit Pharmaceutical Ltd.	404,933		464,715		1,589,524		(1,124,809)
Inolife R&D Inc.	2,000,000		200,000		200,000		-
Kief Cannabis Company Ltd.	46,729		250,000		250,000		-
Lovelabs.com Inc.	8,243		32,220		32,220		-
RMMI Corp.	100,000		250,000		30,000		220,000
The Green Organic Dutchman Holdings Ltd.	26,021		94,982		19,256		75,726
YPB Group Ltd.	3,800,000		130,000		37,251		92,749
		$	1,621,917	$	3,358,251	$	(1,736,334)

(Expressed in Canadian dollars, unless otherwise noted)

(b) Following is the movement schedule of derivatives for the three months ended February 29, 2020:

		November 30, 2019		OCI unrealized gain (loss)		February 29, 2020
Portfolio investments - options	$	3,629	$	(958)	$	2,671
Portfolio investments - warrants		3,232		(2,025)		1,207
	$	6,861	$	(2,983)	$	3,878

8. Property and equipment

During the three months ended February 29, 2020, the Company acquired assets with a cost of $586,880 (three months ended February 28, 2019: $88,918), and further increased its net asset base by $891,905 due to the IFRS 16 adoption. Depreciation expense on property and equipment for the three months ended February 29, 2020 was $ 171,445 (three months ended February 28, 2019: $88,918).

The following is the continuity of the cost and accumulated depreciation of right-of-use assets as at and for the period ended February 29, 2020:

Cost:		
Balance, beginning of period	$	931,674
Lease additions		-
Balance, end of period	$	931,674
Accumulated depreciation:		
Balance, beginning of period	$	931,674
Depreciation		39,769
Balance, end of period		891,905
Carrying amount as at February 29, 2020	$	891,905

(Expressed in Canadian dollars, unless otherwise noted)

9. Provisions

The Company is involved in litigation, investigations or proceedings related to claims arising out of its operations and the completion of acquisitions or divestitures. In Q1, 2020, resolutions were reached with respect to certain contractual obligations. As a result, $591,882 of the provision was used for the three months ended February 29, 2020.

10. Prepaid expenses and other assets

Prepaid expenses and other assets listed in the current assets section of the consolidated statement of financial position as at February 29, 2020 and November 30, 2019 were as follows:

	Notes	February 29, 2020	November 30, 2019
Prepaid expenses and deposits	(i)	$ 4,728,611	$ 4,551,614
Other assets		155,876	177,871
		$ 4,884,487	$ 4,729,485

Other assets listed in the non-current assets section of the consolidated statement of financial position as at February 29, 2020 and November 30, 2019 were as follows:

	Notes	February 29, 2020	November 30, 2019
Prepaid expenses and deposits	(i)	$ 495,164	$ 1,083,809
Other non-current receivables	(ii)	647,375	808,220
		$ 1,142,539	$ 1,892,029

(i) Prepaid expenses and deposits mainly consist of payments made for directors and officers liability insurance, inventory purchases, software subscriptions, and legal and directors fees. This amount includes a provision against an inventory deposit. Refer to note 16 (ii) for details.

(ii) Other non-current receivables represent the long-term portion of receivables arising from a wholesale sale of hardware inventory to a buyer in Brazil.

(Expressed in Canadian dollars, unless otherwise noted)

11. Lease liabilities

The following is the continuity of lease liabilities as at and for the period ended February 29, 2020:

Balance, beginning of period	$	931,674
Total lease payments (principal and interest)		70,885
Interest expense on lease liabilities		(28,889)
Balance, end of period	$	889,678
Short-term portion of lease liabilities	$	236,850
Long-term portion of lease liabilities		652,828
Total lease liabilities	$	889,678

12. Share capital

(a) Authorized share capital

The Company is authorized to issue an unlimited number of common shares with no par value. As at February 29, 2020 the Company had 323,954,483 common shares issued and outstanding.

(b) Issuance of shares

For the three months ended February 29, 2020, the Company issued 5,000 common shares on exercise of options for total gross cash proceeds of $1,230.

(c) Share purchase warrants

The following is a summary of the changes in the Company's share purchase warrants for the three months ended February 29, 2020 and February 28, 2019:

(Expressed in Canadian dollars, unless otherwise noted)

	February 29, 2020			February 28, 2019		
	Number of warrants		Weighted average exercise price	Number of warrants		Weighted average exercise price
Outstanding, beginning of period	30,225,658	$	3.15	40,495,658	$	2.56
Granted	–		–	–		–
Exercised	–		–	(9,910,000)		0.35
Forfeited	(16,303,158)		3.13	(300,000)		0.35
Outstanding, end of period	13,922,500	$	3.14	30,285,658	$	3.30

(d) Stock options

The following is a summary of the movement in the Plan for the three months ended February 29, 2020 and February 28, 2019:

	February 29, 2020			February 28, 2019		
	Number of options		Weighted average exercise price	Number of options		Weighted average exercise price
Outstanding, beginning of period	10,857,621	$	1.75	20,351,750	$	1.47
Granted	200,000		0.33	860,000		0.95
Exercised	(5,000)		0.26	(511,875)		0.36
Forfeited	(1,725,625)		1.82	(2,084,375)		1.7
Outstanding, end of period	9,326,996	$	1.69	18,615,500	$	1.46
Vested and exercisable, end of period	7,352,837	$	1.71	8,149,625	$	1.36

For the three months ended February 29, 2020, the Company recognized share-based compensation expense of $35,811 (2019: $1,403,536). For the three months ended February 29, 2020, the weighted average share price of options exercised was $0.63 (2019: $1.00).

(Expressed in Canadian dollars, unless otherwise noted)

The following table summarizes information regarding stock options outstanding by exercise price as at February 29, 2020:

Exercise price range	Number of options outstanding	Weighted average remaining contractual life in years	Weighted average exercise price
			$
$0.01 – $1.00	1,962,504	0.67	0.36
$1.01 – $2.00	4,994,744	1.87	1.57
$2.01 – $4.00	2,369,748	0.73	3.05
	9,326,996	1.33	1.69

The weighted average assumptions used for the calculation of the fair value of the options granted for the three months ended February 29, 2020 and February 28, 2019 were as follows:

	February 29, 2020	February 28, 2019
Black Scholes fair value	$ 0.19	$ 0.60
Share price	$ 0.33	$ 0.95
Exercise price	$ 0.33	$ 0.95
Expected volatility	117.25%	120.41%
Expected life	2.24 years	2.20 years
Expected dividend per share	Nil	Nil
Risk free rate	1.65%	1.88%
Forfeiture rate	7.63%	Nil

Up to November 30, 2018, volatility was calculated using the historical volatility of other companies which the Company considered comparable that had trading and volatility history. Beginning December 1, 2018, the Company calculates volatility using its own historical trading prices. The expected life in years represents the time that the options granted are expected to be outstanding. The risk-free rate is based on zero coupon Canada government bonds with a remaining term equal to the expected life of the options.

(e) During Q4 2019, the Group modified the nature of contributed surplus, which previously consisted of share-based compensation expense relating to options vesting, net of exercises and forfeitures. All options-related activity was moved from contributed surplus into the options reserve account. Additionally, all forfeitures relating to warrants and vested options

(Expressed in Canadian dollars, unless otherwise noted)

previously recognized in share capital were moved to contributed surplus. The comparative balances as of February 28, 2019, including as of the beginning of the preceding period, November 30, 2018, were reclassified for consistency. For fiscal year 2018, $343,967 of fair value of forfeited vested options and warrants was reclassified from share capital to contributed surplus. Similarly, for three months ending February 28, 2019, $49,006 of fair value of forfeited warrants was reclassified from share capital to contributed surplus.

13. Disaggregation of revenue

In the following table, revenue is presented for the three months ended February 29, 2020 and February 28, 2019, and disaggregated by major products, service lines and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable operating segments.

	Notes	Namaste Vapes	Australian Vaporizers	CannMart	Namaste MD	Findify	Total
Q1 2020:		$	$	$	$	$	$
Major goods/service lines							
Hardware	(i)	2,645,229	977,594	22,587	-	-	3,645,410
Cannabis, net of excise taxes	(i)	-	-	1,224,385	-	-	1,224,385
AI services	(ii)	-	-	-	-	336,445	336,445
Referral fees	(ii)	-	-	-	45,596	-	45,596
Processing fees	(iii)	-	-	55,319	-	-	55,319
		2,645,229	977,594	1,302,291	45,596	336,445	5,307,155
Q1 2019:		$	$	$	$	$	$
Major goods/service lines							
Hardware	(i)	3,039,725	1,057,801	46,553	-	-	4,144,079
Cannabis, net of excise taxes	(i)	-	-	98,499	-	-	98,499
AI services	(ii)	-	-	-	-	265,736	265,736
Referral fees	(ii)	-	-	-	85,143	-	85,143
		3,039,725	1,057,801	145,052	85,143	265,736	4,593,457

Timing of revenue recognition:
(i) Goods transferred at a point in time
(ii) Services performed over period of time
(iii) Services performed at a point in time

(Expressed in Canadian dollars, unless otherwise noted)

14. Financial instruments and associated risks

(a) Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

The Group measures fair value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1 includes quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 includes inputs that are observable other than quoted prices included in Level 1; and
- Level 3 includes inputs that are not based on observable market data.

The following is a summary of financial assets and liabilities measured at fair value based on various level of inputs:

	Level 1	Level 2	Level 3	Total
Financial assets:				
Loans receivable from associates	$ -	$ 514,662	$ -	$ 514,662
Equity investments	937,982	1,200,000	482,220	2,620,202
Derivatives	-	2,877	1,001	3,878
	$ 937,982	$ 1,717,539	$ 483,221	$ 3,138,742

	Level 1	Level 2	Level 3	Total
Financial liabilities:				
Lease liability	$ -	$ 889,678	$ -	$ 889,678
Loans payable	-	14,839	-	14,839
	$ -	$ 904,517	$ -	$ 904,517

(Expressed in Canadian dollars, unless otherwise noted)

Following is the summary of the financial instruments as at February 29, 2020 and November 30, 2019:

	Financial assets at FVOCI	Financial assets at amortized cost	Financial assets at FVTPL	Financial liabilities at amortized cost	Total
2020:	$	$	$	$	$
Financial assets:					
Cash and cash equivalents	-	26,996,360	-	-	26,996,360
Trade and other receivables	-	3,268,638	-	-	3,268,638
Portfolio investments	2,620,202	-	3,878	-	2,624,080
Loans receivable	-	514,662	-	-	514,662
Other assets	-	1,142,539	-	-	1,142,539
	2,620,202	31,922,199	3,878	-	34,546,279
Financial liabilities:					
Accounts payable and accrued liabilities	-	-	-	7,149,498	7,149,498
Lease liability	-	-	-	889,678	889,678
	-	-	-	8,039,176	8,039,176

	Financial assets at FVOCI	Financial assets at amortized cost	Financial assets at FVTPL	Financial liabilities at amortized cost	Total
2019:	$	$	$	$	$
Financial assets:					
Cash and cash equivalents	-	37,856,048	-	-	37,856,048
Trade and other receivables	-	2,495,776	-	-	2,495,776
Portfolio investments	3,358,251	-	6,861	-	3,365,112
Loans receivable	-	465,149	-	-	465,149
Other assets	-	1,892,029	-	-	1,892,029
	3,358,251	42,709,002	6,861	-	46,074,114
Financial liabilities:					
Accounts payable and accrued liabilities	-	-	-	7,104,861	7,104,861
	-	-	-	7,104,861	7,104,861

The carrying values of financial instruments and fair value amounts of all the Group's financial instruments approximate their fair values as at February 29, 2020.

(b) Risk management

A summary of the Group's risk exposures as it relates to financial instruments are reflected below:

(i) Market risk

Market risk is the risk that future changes in market conditions such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

a. Currency risk

The Group is party to financial instruments or enters into transactions denominated in currencies other than its functional currency. Consequently, the Group is exposed to translation risk in which other foreign currencies may change in a manner that has an adverse effect on the value of the Group's assets or liabilities denominated in its operational currency. This risk is mitigated by timely payment of creditors and monitoring of foreign exchange fluctuations by management. The Group does not hedge against movements in foreign currency exchange rates.

A 5% change in the foreign currencies against functional currencies, assuming that all other variables are constant, would have increased or decreased net loss and equity by $82,022 (2019: $169,529) as a result of the revaluation on foreign currency denominated financial assets and liabilities.

b. Interest rate risk

Interest rate risk refers to the risk of loss due to adverse movements in interest rates. Interest rate risk consists of a) the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, and b) to the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities. Interest rate risk on the loans receivable and loans payable is limited due to the fact that they both have fixed rate of interest.

c. *Other price risk*

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices, other than those arising from interest rate risk or currency risk. The Group's exposure to other price risks relates to fair value of its equity investments and derivatives.

If the fair value of these financial assets were to increase or decrease by 5%, net loss would have increased or decreased by $ 194 and accumulated other comprehensive income would have changed by $131,010 (2019: $343 and $167,913).

(ii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from cash and cash equivalents, trade and other receivables, loans receivable, deposits and other assets.

The Company is moderately exposed to credit risk from its cash and cash equivalents, restricted cash, trade and other receivables and loans receivable. The carrying amount of these financial assets represents the maximum credit exposure.

Cash and cash equivalents, deposits and other assets are held with reputable financial institutions and business partners which are closely monitored by management. Trade receivables generated from online sales are held in reputable merchant accounts and are received within a short period of time. Credit risk is generally limited for trade receivables from government bodies, which have low default risk.

Credit risk for non-government wholesale customers is assessed on a case by case basis. When estimating Expected Credit Loss ("ECL") the Company analyses both quantitative and qualitative data. Typically, ECL increases with the age of the receivable. A receivable is considered in default when the debtor is unlikely to pay its credit obligations in full and the Company has limited recourse. In Q1, 2020, a $450,000 ECL provision was recorded.

Loans receivable consist of promissory notes granted to the Group's associates, Pineapple and Choklat to finance their working capital and other requirements. Their relative credit risks are assessed by management through the credit evaluation process. The Group monitors changes in the credit risk of loans receivable based on data that is determined to be predictive of the risk of loss, including but not limited to financial information, management accounts and cash flow projections. During fiscal 2019, the Company recognized an impairment allowance of $1,391,224 in respect of loan advances to Pineapple because of the working capital constraints experienced by the debtor. No impairment was recognised for the three months ended February 29, 2020.

(Expressed in Canadian dollars, unless otherwise noted)

(iii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group’s approach to managing liquidity is to ensure, as far as possible, that it will have the sufficient liquidity to meet its liabilities when they are due, without incurring unacceptable losses or risking damage to the Group’s reputation. The following are the remaining contractual maturities of financial liabilities as at February 29, 2020:

	Carrying value	less than 3 months	4 - 6 months	7 - 12 months	> 12 months
	$	$	$	$	$
Accounts payable and accrued liabilities	7,149,498	7,137,380	1,731	3,461	6,926
Lease liability	889,678	61,890	50,991	98,799	677,998

15. Additional disclosures for statement of cashflow

(a) The components of cash and cash equivalents are as follows:

	February 29, 2020	November, 30 2019
Cash and cash equivalents	$ 26,485,704	$ 37,345,383
Restricted cash (i)	510,655	510,665
	$ 26,996,360	$ 37,856,048

(i) Restricted cash represents amount held in trust relating to an investment in a private company. Subsequent to quarter-end, a statement of claim was filed for return of the funds.

(Expressed in Canadian dollars, unless otherwise noted)

(b) Changes in non-cash working capital

Changes in non-cash working capital for the three months ended February 29, 2020 and February 28, 2019 were as follows:

Three months ended		February 29, 2020		February 28, 2019
Decrease (increase) in trade and other receivables	$	(1,222,862)	$	22,141
Decrease (increase) in inventories		(2,470,563)		(1,176,576)
Decrease (increase) in prepaid expenses and other assets		145,688		(594,445)
Decrease (increase) in accounts payable and accrued liabilities		78,281		(986,540)
Increase (decrease) in provisions		(591,882)		-
Increase (decrease) in deferred revenue		(384,056)		339,076
	$	(4,445,394)	$	(2,396,344)

(c) Additional information

Additional information for the three months ended February 29, 2020 and February 28, 2019 were as follows:

Three months ended		February 29, 2020		February 28, 2019
Income tax paid	$	-	$	-
Interest paid on loan		(302)		(684)
Interest received		160,073		380,139

16. Related party balances and transactions

Related parties include key management personnel and the entities controlled or directed by key management personnel. Key management personnel include Board of Directors and key executives of the Company together with certain individuals responsible for outsourced services who in the opinion of the Company have satisfied relevant criteria to be considered key management personnel under applicable accounting standards based on the information available as of the date of issuance of these condensed consolidated interim financial statements.

(Expressed in Canadian dollars, unless otherwise noted)

Related party balances as at February 29, 2020 and as at November 30, 2019, and transactions for the three months ended February 29, 2020 and February 28, 2019, respectively, were as follows:

	2020	2019
Related party balances		
Accounts payable and accrued liabilities (i)	(4,789)	(2,608)
Loans receivable from associates	514,662	465,149
Prepaid expenses and other assets (ii)	450,000	-
Related Party Transactions		
Key management personnel compensation (iii)	445,402	358,122
Directors fees	187,926	-
Service fees (iv)	-	2,117,965
Stock options (v)	37,648	-
Shipping and delivery services (vi)	10,718	-

(i) Balances with related parties are non-interest bearing, unsecured and due on demand.

(ii) During the three months ended February 29, 2020, the Company placed a $900,000 deposit on inventory purchased from one of its associates. Due to unprecedented events resulting in the postponement of goods received, the Company recognized an impairment allowance of $450,000 against the deposit.

(iii) The key management personnel compensation includes salaries and bonuses, benefits, and incentives.

(iv) During 2019, the Company utilized services from Dollinger Enterprises Europe Ltd., a company controlled by the former Chief Executive Officer, e-commerce support services from consulting companies controlled by a former Board Member of the Company and, marketing and technology support services from an entities controlled by a members of key management personnel. These services were not utilized for the three months ending February 29, 2020.

(v) During the three months ended February 29, 2020, key management personnel were granted 200,000 stock options which vest in equal quarterly installments over a 3-year period. These stock options have exercise price of $0.33 and expire on December 7, 2024.

(vi) The Company received delivery services from one of its associates. The amount outstanding against these services as at February 29, 2020 was $10,718 (2019: $nil).

17. Subsequent Events

(a) Subsequent to quarter-end, the courts formally approved the settlements on both the US and Canadian securities class actions. A total of $2.15 million US will be paid to settle all claims in the Canadian action and $2.75 million US will be paid to settle all claims in the US action. Namaste's contribution to the settlement amounts, which are principally being funded by Namaste's insurance, was less than $500,000 US. These settlements were made without any admission or finding of liability.

(b) Subsequent to quarter-end, World-Class Extractions Inc. ("WCE") acquired a controlling interest in Pineapple Express Delivery Inc. ("Pineapple Express Delivery"). As part of the transaction, Namaste will be able to convert its outstanding debt into the same value of WCE common shares in 11 months time. In addition, Namaste granted WCE the option to acquire Namaste's common shares of Pineapple Express Delivery, exercisable during a 60-day period beginning two years following the closing of the transaction between WCE and Pineapple Express Delivery.

(c) Subsequent to quarter-end, settlement in principle was reached with respect to certain contractual obligations. As a result, $1,000,000 of provision will be reversed in Q2, 2020 as unused provision.

(d) In March 2020, the World Health Organization recognized the outbreak of COVID-19 as a global pandemic. Government measures to limit the spread of COVID-19, including the closure of non-essential businesses, did not materially impact the Company's operations during the three months ending February 29, 2020. The production and sale of cannabis have been recognized as essential services in Canada and across Europe. Due to the rapid developments and uncertainty surrounding COVID-19, it is not possible to predict the impact that COVID-19 will have on the Company's business, financial position and operating results in the future. Additionally, it is possible that estimates in the Company's consolidated financial statements will change in the near term as a result of COVID-19. The Company is closely monitoring the impact of the pandemic on all aspects of its business.