

Namaste Technologies Inc.
Condensed Consolidated Interim
Financial Statements

For the three and nine months ended May 31, 2018
Expressed in Canadian dollars
(Unaudited)

Namaste Technologies Inc.
Condensed Consolidated Interim Statement of Financial Position

As at May 31, 2018 and August 31, 2017

(Expressed in Canadian dollars)

(Unaudited)

	<i>May 31, 2018</i>	<i>August 31, 2017</i>
Assets		
Current		
Cash	43,969,291	1,132,770
Receivables	1,183,047	303,230
Inventory	2,386,988	2,497,884
Prepays and deposits	2,320,576	603,849
Sales taxes receivable	608,401	170,822
Corporate taxes recoverable	17,521	15,009
Due from related parties	28,684	81,612
Total current assets	50,514,508	4,805,176
Long-term		
Available for sale securities	921,741	-
Property and equipment	1,130,695	64,063
Intangibles	17,828,588	6,227,711
Goodwill	7,561,798	2,827,420
Total long-term assets	27,442,822	9,119,194
Total assets	77,957,330	13,924,370
Liabilities		
Current		
Accounts payable and accrued liabilities	2,079,375	777,402
Loan payable	7,345	94,981
Sales taxes payable	97,542	-
Earn-out payable	6,562	489,230
Due to related parties	-	552
Total current liabilities	2,190,824	1,362,165
Long-term		
Loan payable	53,108	284,943
Deferred tax liability	3,119,604	749,868
Total long-term liabilities	3,172,712	1,034,811
Shareholders' equity		
Share capital	85,594,345	21,637,191
Deferred shares	215,000	1,190,636
Warrants and options reserve	12,438,843	6,354,364
Contributed surplus	7,915,655	1,798,564
Accumulated other comprehensive income (loss)	127,715	(299,016)
Deficit	(33,697,764)	(19,154,345)
Total shareholders' equity	72,593,794	11,527,394
Total shareholders' equity & liabilities	77,957,330	13,924,370

Related party transactions, commitments and subsequent event (Notes 8,17 and 19).

Refer to note 18 to assess the impact of the Company's restatement.

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

Namaste Technologies Inc.
Condensed Consolidated Interim Statements of Loss
For the three and nine months ended May 31, 2018 and May 31, 2017
(Expressed in Canadian dollars)
(Unaudited)

		<i>For three months ended</i>		<i>For nine months ended</i>	
		<i>May 31, 2018</i>	<i>May 31, 2017- Restated</i>	<i>May 31, 2018</i>	<i>May 31, 2017- Restated</i>
Sales	Note 14	4,062,221	3,091,205	14,627,161	7,085,499
Cost of goods sold		3,189,116	2,426,019	10,380,538	5,406,318
Gross profit		873,105	665,186	4,246,623	1,679,181
Operating expenses					
Selling expenses	Note 16	1,997,212	1,616,474	4,813,790	2,756,414
Administration expenses	Note 16	6,268,526	2,185,213	13,042,180	4,684,673
Other expenses	Note 16	986,056	243,250	1,498,534	273,621
Total operating expenses		9,251,794	4,044,937	19,354,504	7,714,708
Other income	Note 11	165,828	-	452,133	-
Loss before income taxes		(8,212,861)	(3,379,751)	(14,655,748)	(6,035,527)
Income tax expense (benefit)					
Current		12,789	29,176	156,912	29,176
Deferred		(128,504)	(86,042)	(269,241)	(86,042)
Net loss		(8,097,146)	(3,322,885)	(14,543,419)	(5,978,661)
Net loss per share, basic and diluted:		\$(0.03)	\$(0.02)	\$(0.06)	\$(0.05)
Weighted average number of outstanding common shares, basic and diluted:		275,797,560	169,864,721	238,413,277	124,927,680

Refer to note 18 to assess the impact of the Company's restatement.

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

Namaste Technologies Inc.
Condensed Consolidated Interim Statements of Comprehensive Loss

For the three and nine months ended May 31, 2018 and May 31, 2017

(Expressed in Canadian dollars)

(Unaudited)

	<i>For three months ended</i>		<i>For nine months ended</i>	
	<i>May 31, 2018</i>	<i>May 31, 2017- Restated</i>	<i>May 31, 2018</i>	<i>May 31, 2017- Restated</i>
Net Loss	(8,097,146)	(3,322,885)	(14,543,419)	(5,978,661)
Unrealized gain on available for sale securities - net of tax	180,634	-	380,634	-
Cumulative translation adjustment	58,963	44,953	(117,575)	(40,237)
Sale of Dollinger Enterprises US - Cumulative translation adjustment	-	-	163,672	-
Net comprehensive loss for the period	(7,857,549)	(3,277,932)	(14,116,688)	(6,018,898)

Refer to note 18 to assess the impact of the Company's restatement.

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

Namaste Technologies Inc.
Condensed Consolidated Interim Statements of Changes in Shareholders' Equity
For the nine months ended May 31, 2018
(Expressed in Canadian dollars)
(Unaudited)

Statement of change in equity - Nine months to May 31, 2018

		Common shares	Common shares \$	Deferred shares \$	Options and warrants \$	Accumulated OCI \$	Contributed surplus \$	Deficit \$	Total \$
Shareholders equity August 31, 2017		185,715,916	21,637,191	1,190,636	6,354,364	(299,016)	1,798,564	(19,154,345)	11,527,394
Share issuance	Note 9	30,193,900	29,593,626	-	14,260,119	-	-	-	43,853,745
Share issuance costs		-	(5,317,598)	-	1,699,318	-	-	-	(3,618,280)
Shares issued to acquire Findify AB	Note 4, 9	7,142,857	11,785,714	-	-	-	-	-	11,785,714
Shares issued on exercise of options and warrants	Note 9	48,138,186	22,956,652	-	(9,121,516)	-	-	-	13,835,136
Shares issued on exercise of broker warrants	Note 9	3,547,986	1,608,521	-	(765,145)	-	-	-	843,376
Share-based compensation	Note 9	2,537,456	1,826,968	-	-	-	6,117,091	-	7,944,059
Shares issued for services		516,882	312,635	-	11,703	-	-	-	324,338
Shares issued for earn-out		5,067,406	1,190,636	(1,190,636)	-	-	-	-	-
Deferred shares		-	-	215,000	-	-	-	-	215,000
Sale of Dollinger Enterprises US Ltd.		-	-	-	-	163,672	-	-	163,672
Net loss		-	-	-	-	-	-	(14,543,419)	(14,543,419)
Other comprehensive income		-	-	-	-	263,059	-	-	263,059
Shareholders equity May 31, 2018		282,860,589	85,594,345	215,000	12,438,843	127,715	7,915,655	(33,697,764)	72,593,794

Refer to note 18 to assess the impact of the Company's restatement.

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

Namaste Technologies Inc.
Condensed Consolidated Interim Statements of Changes in Shareholders' Equity

For the nine months ended May 31, 2017

(Expressed in Canadian dollars)

(Unaudited)

Statement of change in equity - Nine months to May 31, 2017

		Common shares	Common shares \$	Deferred shares \$	Options and warrants \$	Accumulated OCI \$	Contributed surplus \$	Deficit \$	Total \$
Shareholders equity August 31, 2016 - Restated		67,852,297	1,929,133	595,831	872,317	(163,672)	250,061	(1,797,081)	1,686,589
Share issuance	Note 9	71,176,927	8,875,804	-	5,561,188	-	-	-	14,436,992
Share issuance costs		600,000	(2,414,593)	-	1,200,538	-	-	-	(1,214,055)
Convertible note		2,804,443	400,000	-	-	-	-	-	400,000
Shares issued to acquire Vaporseller		3,400,000	405,100	(405,100)	-	-	-	-	-
Shares issued to acquire URT1		15,784,754	5,501,358	-	-	-	-	-	5,501,358
Shares issued to acquire Australian Vaporizers		1,988,182	576,573	-	-	-	-	-	576,573
Shares issued to acquire CannMart		8,668,515	2,500,000	-	-	-	-	-	2,500,000
Deferred shares		-	-	1,000,000	-	-	-	-	1,000,000
Shares issued on exercise of options and warrants	Note 9	9,225,362	2,613,378	-	(1,083,150)	-	-	-	1,530,228
Share-based compensation	Note 9	2,219,144	599,188	-	-	-	1,095,705	-	1,694,893
Shares issued for service		1,040,222	270,458	-	-	-	-	-	270,458
Net loss		-	-	-	-	-	-	(5,978,661)	(5,978,661)
Other comprehensive income		-	-	-	-	(40,237)	-	-	(40,237)
Shareholders equity May 31, 2017 - Restated		184,759,846	21,256,399	1,190,731	6,550,893	(203,909)	1,345,766	(7,775,742)	22,364,138

Refer to note 18 to assess the impact of the Company's restatement.

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

Namaste Technologies Inc.
Condensed Consolidated Interim Statements of Cash Flow
For the ninth months ended May 31, 2018 and May 31, 2017
(Expressed in Canadian dollars)
(Unaudited)

	<i>For nine months ended</i>	<i>May 31, 2017-</i>
	<i>May 31, 2018</i>	<i>Restated</i>
Cash provided by (used in) the following activities		
Net loss	(14,543,419)	(5,978,661)
Adjustments for:		
Share based compensation	7,944,059	1,694,893
Shares issued for services	324,338	-
Depreciation	118,898	-
Deferred tax liability	(269,241)	(86,042)
Amortization of intangible assets	767,699	215,104
Other non-cash income	(301,573)	-
Cashflow used in operating activities before changes in working capital	(5,959,239)	(4,154,706)
Changes in non-cash working capital Note 15	(1,242,460)	(1,380,747)
Cash flows used in operating activities	(7,201,699)	(5,535,453)
Financing activities:		
Change in related party balances	52,376	(391,866)
Proceeds from issuance of share	43,853,745	14,436,992
Share issuance costs	(3,618,280)	(1,214,055)
Investment in available for sale securities	(482,970)	-
Proceeds from deferred shares	215,000	-
Repayment of loan payable	(402,872)	(137,301)
Earn-out payment	(467,414)	(520,750)
Proceeds from exercise of warrants and options	14,678,512	1,530,228
Proceeds from issuance of convertible debenture	-	400,000
Cash flows provided by financing activities	53,828,097	14,103,248
Investing activities:		
Additions of intangible assets	(246,576)	-
Additions of property and equipment	(1,182,476)	-
Proceeds from sale of Dollinger Enterprises US	48,548	-
Investment in asset and business acquisitions	(2,409,373)	(5,392,941)
Cash flows used in investing activities	(3,789,877)	(5,392,941)
Increase in cash resources	42,836,521	3,174,854
Cash resources, beginning of the period	1,132,770	113,665
Cash resources, end of the period	43,969,291	3,288,519

Refer to note 18 to assess the impact of the Company's restatement.

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

Namaste Technologies Inc.
Notes to Condensed Consolidated Interim Financial Statements

For the three and nine months ended May 31, 2018 and May 31, 2017

(Expressed in Canadian dollars)

(Unaudited)

1. Nature of operations and background information

Namaste Technologies Inc. ("Namaste" or the "Company") is an e-commerce business that distributes vaporizers and accessories for aromatherapy purposes. Namaste is an entity formed under the British Columbia Business Corporations Act. The Company is a reporting issuer in British Columbia, Alberta and Ontario, listed on the TSX Venture Exchange ("TSXV") under the trading symbol "N".

The Company's address of registered office is 1600, 100 King Street West, Toronto, Ontario, M5X 1G5, Canada.

Namaste is one of the largest online retailer for medical cannabis delivery systems globally. Namaste retails vaporizers and smoking accessories through e-commerce sites in over 20 countries with distribution hubs located around the world. Namaste has majority market share in Europe and Australia, and operations in the United Kingdom, Canada and Germany and has opened new supply channels into emerging markets, which include Brazil, Mexico and Chile. Namaste, through its acquisition of CannMart Inc., a Canadian-based late-stage applicant for a medical cannabis "sales-only" license under Canada's *Access to Cannabis for Medical Purposes Regulations* ("ACMPR"), is pursuing a new revenue vertical in the online retail of medical cannabis in the Canadian market. Namaste intends to leverage its existing database of Canadian medical cannabis consumers along with its technology and expertise in e-commerce to create an online marketplace for medical cannabis patients, offering a larger variety of product and a better user experience.

2. Basis of preparation

2.1. Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting. In the opinion of management, they include all adjustments necessary for fair presentation. Certain disclosures included in the notes to the annual financial statements have been condensed in the following note disclosures or have been disclosed on an annual basis only. Accordingly, these condensed consolidated interim financial statements should be read in conjunction with the audited consolidated annual financial statements as at and for the year ended August 31, 2017, which were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the IFRS Interpretations Committee ("IFRIC").

These condensed consolidated interim financial statements were approved and authorized by the Board of Directors of the Company on July 20, 2018.

2.2. Basis of presentation

The principal accounting policies adopted in the preparation of the condensed consolidated interim financial statements are set out below. The condensed consolidated interim financial statements are presented in Canadian dollars, which is the Company's presentation currency.

Namaste Technologies Inc.
Notes to Condensed Consolidated Interim Financial Statements

For the three and nine months ended May 31, 2018 and May 31, 2017

(Expressed in Canadian dollars)

(Unaudited)

The functional currencies of the Company and its subsidiaries are as follows:

	Currency
Namaste Technologies Inc.	Canadian dollar
Namaste Technologies Holdings Inc.	Canadian dollar
Namaste Bahamas Inc.	U.S. dollar
Australian Vaporizers Pty Ltd.	Australian dollar
CannMart Inc.	Canadian dollar
NamasteMD Inc.	Canadian dollar
Findify AB	Swedish krona

The condensed consolidated interim financial statements include the results of Dollinger Enterprises US up to December 31, 2017, which was the date the Company disposed of the subsidiary. The results of Findify AB were included in the condensed consolidated interim financial statements as of the May 18, 2018 (acquisition date).

The condensed consolidated interim financial statements have been prepared on the historical cost basis except for certain non-current assets and financial instruments, which are measured at fair value.

2.3. Use of management estimates, judgments and measurement uncertainty

The preparation of these condensed consolidated interim financial statements requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the condensed consolidated interim financial statements and reported amounts of revenues and expenses during the reporting period. Such estimates primarily relate to unsettled transactions and events as at the date of the condensed consolidated interim financial statements. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenues, and expenses. Management uses various factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes differ from these estimates under different assumptions and conditions.

The critical judgements 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 August 31, 2017 consolidated annual financial statements. There have been no significant changes in the Company's judgements and estimates applied during the interim period ended May 31, 2018 relative to those described in the most recent consolidated annual financial statements as at and for the year ended August 31, 2017, except for the assumptions used in valuing the acquisition of Findify AB as outlined in Note 4.

3. Summary of significant accounting policies

Except as described below, there have been no material change to the Company's significant accounting policies during the three and nine months ended May 31, 2018, as compared to the significant accounting policies described in the Company's annual consolidated financial statements for the year ended August 31, 2017. The Company acquired available for sale financial assets during the reporting period. Available-for-sale financial assets are measured at fair value with gains and losses included in other comprehensive income until the asset is removed from the consolidated statement of financial position or until impaired.

Namaste Technologies Inc.
Notes to Condensed Consolidated Interim Financial Statements

For the three and nine months ended May 31, 2018 and May 31, 2017

(Expressed in Canadian dollars)

(Unaudited)

On September 1, 2017, the Company adopted the amendments to IAS 7 Statement of Cash Flows, IAS 12 Income Taxes, and IFRS 12 Disclosure of Interests in Other Entities. The adoption of these amendments had no impact to the amounts recorded in the Company's consolidated financial statements as of May 31, 2018 or comparative periods.

Update on Accounting Standards Issued but not yet Effective

The IASB has issued accounting standards that are not yet effective, including: IFRS 9 Financial Instruments (effective September 1, 2018), IFRS 15 Revenue from Contracts with Customers (effective September 1, 2018), IFRS 16 Leases (effective September 1, 2019), IFRIC 22 Foreign Currency Transactions and Advance Consideration (effective September 1, 2018), and IFRIC 23 Uncertainty over income tax treatment (effective September 1, 2019). Details are outlined in Note 2 of the August 31, 2017 consolidated annual financial statements. There have been no significant changes as of the date of these condensed consolidated interim financial statements and the evaluation of all potential measurement and disclosure impacts is ongoing.

IFRS 15 Revenue from Contracts with Customers will be adopted by the Company effective September 1, 2018, and will replace IAS 18 Revenue, IAS 11 Construction Contracts, and related interpretations. IFRS 15 provides clarification on how and when an entity will recognize revenue and provides a single, principles-based, five-step model that will be applied to all contracts with customers. The Company will perform an initial assessment of IFRS 15 and determine whether to adopt the full retrospective or the modified retrospective approach. Under the full retrospective approach comparative figures are restated. Under the modified retrospective approach, comparative figures are not restated and the cumulative effect of initially applying the standard (if any) would be recognized at the date of adoption. The Company will be required to disclose additional information regarding the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers, including a disaggregation of revenue by good or service. The Company is in the process of assessing the impact of this standard.

4. Business acquisition

On May 18, 2018, the Company completed the acquisition of Findify AB ("Findify"). Pursuant to the terms of the share purchase agreement, Namaste acquired all of the issued and outstanding shares of Findify for cash consideration of \$2 million USD and 7,142,857 shares of Namaste Technologies Inc. The shares issued as part of the acquisition included certain restriction from trading for a period of up to 24 months from the closing date.

Findify's platform uses proprietary real-time machine learning algorithms to build unique user profiles and deliver a personalized experience for each user. The Company expects the integration of Findify's proprietary technology to increase monetization and propel revenue growth in both cannabis and hardware sales. The platform continuously learns from user behavior to automatically improve search results, recommendations, and product landing pages, displaying the most relevant products at any given time. It identifies product trends and, in combination with an analysis of unique customer behavior, ranks products in a way to optimize revenue, conversion rates and average order value.

Namaste Technologies Inc.
Notes to Condensed Consolidated Interim Financial Statements

For the three and nine months ended May 31, 2018 and May 31, 2017

(Expressed in Canadian dollars)

(Unaudited)

Findify AB acquisition

Consideration paid for Findify

Cash	2,576,000
Common shares	11,785,714
Net purchase price	14,361,714

The purchase price allocation attributed to the identifiable net assets acquired is as follows:

Purchase price allocation Findify

Technologies and computer codes	11,683,000
Customer relationships	439,000
Net assets acquired	88,336
Goodwill	4,734,378
Deferred tax liability	(2,583,000)
Net purchase price	14,361,714

The Company uses certain estimates and judgements to determine the purchase price allocation. These include the implicit weighted internal rate of return of 19.9% based on the purchase price paid and the projected results of operations and avoided costs related to Findify's technologies and computer codes, a long-term growth rate of 2%, and an effective tax rate of 22% which reflects the future tax rates applicable in Sweden.

Goodwill of \$4,734,378 is primarily related to growth expectations and expected future profitability.

Included in the condensed consolidated interim statement of loss are financial results from May 18, 2018, the acquisition date, to May 31, 2018, which included revenue of \$20,980. However, due to Findify AB's financial statements being presented under Swedish GAAP prior to the acquisition, it was not practical to provide pro-forma profit or loss of the combined entity for the complete nine months ended May 31, 2018.

Acquisition costs related to the business combination amounted to \$370,010. These expenses related mainly to legal costs incurred which are included in the consolidated statement of loss.

Namaste Technologies Inc.
Notes to Condensed Consolidated Interim Financial Statements
For the three and nine months ended May 31, 2018 and May 31, 2017
(Expressed in Canadian dollars)
(Unaudited)

5. **Property and equipment**

	Leasehold improvements	Computer equipment	Equipment and furniture	Total
Cost:				
Balance as at August 31, 2017	58,796	11,887	112,237	182,920
Additions	857,386	136,455	188,635	1,182,476
Translation adjustment	-	477	2,243	2,720
Balance as at May 31, 2018	916,182	148,819	303,115	1,368,116
Accumulated depreciation:				
Balance as at August 31, 2017	42,137	7,840	68,880	118,857
Depreciation	58,489	22,787	37,622	118,898
Translation adjustment	-	181	(515)	(334)
Balance as at May 31, 2018	100,626	30,808	105,987	237,421
Net book value August 31, 2017	16,659	4,047	43,357	64,063
Net book value May 31, 2018	815,556	118,011	197,128	1,130,695

Namaste Technologies Inc.
Notes to Condensed Consolidated Interim Financial Statements
For the three and nine months ended May 31, 2018 and May 31, 2017
(Expressed in Canadian dollars)
(Unaudited)

6. Intangible assets and goodwill

Intangible assets

	Intellectual properties	License	Customer list	Brand names	Total
Cost:					
Balance as at August 31, 2017	-	3,516,310	2,810,117	331,313	6,657,740
Additions from acquisitions	11,683,000	-	439,000	-	12,122,000
Additions	-	246,576	-	-	246,576
Balance as at May 31, 2018	11,683,000	3,762,886	3,249,117	331,313	19,026,316
Accumulated amortization:					
Balance as at August 31, 2017	-	-	430,029	-	430,029
Amortization	64,016	-	703,683	-	767,699
Balance as at May 31, 2018	64,016	-	1,133,712	-	1,197,728
Net book value August 31, 2017	-	3,516,310	2,380,088	331,313	6,227,711
Net book value May 31, 2018	11,618,984	3,762,886	2,115,405	331,313	17,828,588

Goodwill

The Company's goodwill was generated through the acquisition of VaporSeller, URT1, Australian Vaporizers and Findify.

Goodwill

	VaporSeller	URT1	Australian Vaporizers	Findify	Total
Balance as at August 31, 2016	1,990,716	-	-	-	1,990,716
Addition	-	5,372,160	2,827,420	-	8,199,580
Haze earn-out adjustment	(987,988)	-	-	-	(987,988)
Impairment	(913,450)	(5,372,160)	-	-	(6,285,610)
Translation adjustment	(89,278)	-	-	-	(89,278)
Balance as at August 31, 2017	-	-	2,827,420	-	2,827,420
Addition	-	-	-	4,734,378	4,734,378
Balance as at May 31, 2018	-	-	2,827,420	4,734,378	7,561,798

Namaste Technologies Inc.
Notes to Condensed Consolidated Interim Financial Statements
For the three and nine months ended May 31, 2018 and May 31, 2017
(Expressed in Canadian dollars)
(Unaudited)

7. Available for sale securities

On November 29, 2017, the Company invested \$32,220 in shares of Lovelabs.com (also known as Authenticating). The investment is classified as an available-for-sale financial asset. The fair value did not change during the reporting period.

On January 15, 2018, the Company invested \$200,000 in Atlas Biotechnologies Inc (“Atlas”). The investment is classified as an available-for-sale financial asset. The fair value of the Atlas investment at the reporting period is \$500,000. The unrealized gain on available for securities is recognized in other comprehensive income. The increase in fair value was determined using the unit price of Atlas’ most recent financing transaction.

On April 2, 2018, the Company invested \$250,750 in The Green Organic Dutchman Holdings Ltd. (“TGOD”). The investment is classified as an available-for-sale financial asset. The fair value of the TGOD investment at the reporting period is \$389,521. The unrealized gain on available for securities is recognized in other comprehensive income. The increase in fair value was determined using the stock price of TGOD at reporting date.

8. Due from (to) related parties

	<i>May 31, 2018</i>	<i>August 31, 2017</i>
Total due from related parties	28,684	81,612
Total due to related parties	-	(552)
	28,684	81,060

The Company utilizes Dollinger Enterprises Europe Ltd for payment processing. Dollinger Enterprises Europe Ltd is a company controlled by Chief Executive Officer. During the nine months ended May 31, 2018, the amount paid to Dollinger Enterprises Europe Ltd was \$77,820. There are no amounts owed to Dollinger Enterprises Europe Ltd in accounts payable and accrued liabilities.

At May 31, 2018, accounts payable and accrued liabilities included \$46,505 related to balance owing to related parties. Benefits paid to key management amounted to \$39,499 during the nine months ended May 31, 2018.

For the nine months ended May 31, 2018, the Company issued 2,537,456 shares to certain officers as a bonus, during the period valued at \$1,826,968 based on the market price of the shares on the date of issuance.

During the nine months ended May 31, 2018, certain officers and directors were granted the following stock options:

- 500,000 stock options at an exercise price of \$0.40 expiring on November 21, 2022. The fair value on the grant date using the Black-Scholes model was \$0.34. The option vests in equal quarterly installments over a period of two years.
- 200,000 stock options at an exercise price of \$1.76 expiring on March 1, 2023. The fair value on the grant date using the Black-Scholes model was \$1.49. The option vests in equal quarterly installments over a period of two years.
- 4,100,000 stock options at an exercise price of \$1.60 expiring on April 4, 2023. The fair value on the grant date

Namaste Technologies Inc.
Notes to Condensed Consolidated Interim Financial Statements

For the three and nine months ended May 31, 2018 and May 31, 2017

(Expressed in Canadian dollars)

(Unaudited)

using the Black-Scholes model was \$1.35. The option vests in equal quarterly installments over a period of two years.

9. Share capital

9.1. Authorized share capital

The Company has authorized for issuance an unlimited number of common shares with no par value. As at May 31, 2018, the Company had 282,860,589 common shares issued and outstanding.

9.2. Issuance of shares

On October 31, 2017 Namaste completed a non-brokered private placement issuing a total of 14,409,000 Units of the Company at a price per Unit of \$0.25, for total gross proceeds of \$3,602,250. Each Unit consists of one common share of the Company (a "Share") and one common share purchase warrant (a "Warrant"). Each Warrant entitles the holder thereof to acquire one Share at a price of \$0.35 for a period of 24 months following the closing. The fair value of the warrants was calculated at \$1,707,028 based on the Black Scholes model. In the event that the closing price of the Company's Shares on the TSX Venture Exchange is greater than \$0.70 per Share for a period of 10 consecutive trading days at any time after the closing of the Offering, the Company may accelerate the expiry date of the Warrants by giving notice to the holders thereof and in such case the Warrants will expire on the 30th day after the date on which such notice is given by the Company. The securities issued pursuant to the Offering are subject to a four month plus one-day hold period in Canada expiring on March 1, 2018. The Company incurred \$233,100 of share issuance costs.

On January 12, 2018, the Company issued 1,600,000 of earn-out shares paid to Haze Industries Inc ("Haze"). The earn-out share were issued in relation to the July 18, 2016 of Vaporseller, which was purchased from Haze.

On January 26, 2018, the Company issued 3,467,406 of earn-out shares to the former owners of CannMart. These earn-out shares were issued in relation to the April 18, 2017 acquisition of CannMart.

On February 27, 2018 Namaste completed a bought-deal financing issuing a total of 15,784,900 Units of the Company at a price per Unit of \$2.55, for total gross proceeds of \$40,251,495. Each Unit consists of one common share of the Company (a "Share") and one common share purchase warrant (a "Warrant"). Each Warrant entitles the holder thereof to acquire one Share at a price of \$3.15 for a period of 24 months following the closing. The fair value of the warrants was calculated at \$12,553,091 based on the Black Scholes model. In the event that the closing price of the Company's Shares on the TSX Venture Exchange is greater than \$6.00 per Share for a period of 10 consecutive trading days at any time after the closing of the Offering, the Company may accelerate the expiry date of the Warrants by giving notice to the holders thereof and in such case the Warrants will expire on the 30th day after the date on which such notice is given by the Company. The Company incurred \$5,084,498 of share-issuance costs. In addition to this, the Company granted 947,094 Warrants to brokers, which expire in 24 months. The fair value of the Warrants granted to brokers was calculated at \$1,699,318 based on the Black Scholes model.

On May 18, 2018, Namaste completed the acquisition of Findify. The Company issued 7,142,857 shares of Namaste Technologies Inc valued at \$11,785,714.

For the nine months ended May 31, 2018, the Company issued 2,537,456 shares to certain officers during the period valued at \$1,826,968 based on the market price of the shares on the date of issuance.

Namaste Technologies Inc.
Notes to Condensed Consolidated Interim Financial Statements

For the three and nine months ended May 31, 2018 and May 31, 2017
(Expressed in Canadian dollars)
(Unaudited)

For the nine months ended May 31, 2018, the Company issued 516,882 shares for services received during the period valued at \$312,635 based on the market price of the shares on the date of issuance.

For the nine months ended May 31, 2018, the Company issued 48,138,186 common shares on exercise of various warrants and options for total gross cash proceeds of \$13,835,136. The fair value of the various warrants and options exercise was \$9,121,516.

For the nine months ended May 31, 2018, the Company issued 3,547,986 common shares on exercise of broker warrants and options for total gross proceeds of \$843,376. The fair value of the broker warrants exercise was \$765,145.

9.3. Share purchase warrants

The following is a summary of the changes in the Company's share purchase warrants for the nine months ended May 31, 2018 and May 31, 2017.

Stock purchase warrants

	<i>May 31, 2018</i>		<i>May 31, 2017</i>	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Outstanding beginning of period	41,494,295	\$ 0.28	11,315,069	\$ 0.19
Granted	32,983,202	\$ 2.57	41,131,894	\$ 0.28
Exercised	(45,994,633)	\$ 0.30	(6,725,363)	\$ 0.18
Forfeited	(721,001)	\$ 0.11	(96,666)	\$ 0.18
Outstanding end of period	27,761,864	\$ 2.97	45,624,934	\$ 0.26

For the nine months ended May 31, 2018, share purchase warrants granted were the result of the following:

- 14,409,000 share purchase warrants granted as part of the private placement on October 31, 2017. These warrants have exercise price of \$0.35 and expire in 24 months from the grant date.
- 15,784,900 share purchase warrants granted as part of the bought-deal financing on February 27, 2018. These warrants have exercise price of \$3.15 and expire in 24 months from the grant date.
- 947,094 share purchase warrants granted to brokers as part of the bought-deal financing on February 27, 2018. These warrants have exercise price of \$2.55 and expire in 24 months from the grant date.
- 1,842,208 share purchase warrants granted to brokers as part of previously granted compensation options from previous financings. These warrants have exercise price between \$0.18 to \$0.35 and expire in 24 months from the grant date.

For the nine months ended May 31, 2018, 3,392,747 of broker warrants and 42,601,886 of share purchase warrants were exercised.

Namaste Technologies Inc.
Notes to Condensed Consolidated Interim Financial Statements
For the three and nine months ended May 31, 2018 and May 31, 2017
(Expressed in Canadian dollars)
(Unaudited)

The assumptions used for the calculation of the fair value of the warrants are as follows:

Black-Scholes assumptions for warrants

	<i>For nine months ended</i>	
	May 31, 2018	May 31, 2017
Risk free rate	0.55%-1.80%	0.55%-0.66%
Expected life	2 years	2 years
Expected volatility	125%	125%
Expected dividend per share	Nil	Nil

Volatility is calculated by using the historical volatility of other companies that the Company considers comparable that have trading and volatility history prior to the Company becoming public. 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.

9.4. Stock options

The Company has established a stock option plan for directors, employees, and consultants. Under the Company's stock option plan, the exercise price of each option is determined by the Board, subject to regulatory approval. The aggregate number of common shares issuable pursuant to options granted under the plan is being less than 10% of the Company's issued common shares under the plan. The board of directors has the exclusive power over the granting of options and their vesting and cancellation provisions.

The following is a summary of the changes in the Company's stock option plan for the nine months ended May 31, 2018 and May 31, 2017.

Options outstanding

	<i>May 31, 2018</i>		<i>May 31, 2017</i>	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding beginning of period	16,079,640	\$ 0.27	5,300,000	\$ 0.30
Granted	10,300,000	\$ 2.39	8,380,000	\$ 0.31
Exercised	(5,691,538)	\$ 0.27	(2,500,000)	\$ 0.16
Forfeited	-	\$ -	-	\$ -
Outstanding end of period	20,688,102	\$ 1.31	11,180,000	\$ 0.31

For the three and nine months ended May 31, 2018, the Company recognized share-based compensation expense of \$3,992,016 and \$7,944,059, respectively. Included in shares-based compensation expense for the nine months ended May 31, 2018 are 2,537,456 shares that was granted to employees and officers of the Company in the amount of \$1,826,968. The remaining share-based compensation expense balance of \$6,117,091 is a result of previously

Namaste Technologies Inc.
Notes to Condensed Consolidated Interim Financial Statements

For the three and nine months ended May 31, 2018 and May 31, 2017

(Expressed in Canadian dollars)

(Unaudited)

granted options.

For the three and nine months ended May 31, 2018, the weighted average fair value of each option that vested are \$1.87 and \$1.23, respectively. The weighted average fair value of options is calculated using the Black-Scholes Option Pricing Model.

The following table summarizes information regarding stock options outstanding by exercise price as at May 31, 2018:

Options outstanding by exercise price				
	Number of options outstanding	Weighted- average remaining contractual life (years)		Weighted average exercise price
\$0.01 - \$0.19	622,500	0.39	\$	0.02
\$0.20 - \$0.39	11,125,602	2.42	\$	0.18
\$0.40 - \$4.00	8,940,000	4.64	\$	1.76
Total options outstanding	20,688,102	2.83	\$	1.31

The following table summarizes information regarding exercisable stock options outstanding as at May 31, 2018:

Options exercisable				
	Number of options outstanding	Weighted- average remaining contractual life (years)		Weighted average exercise price
\$0.01 - \$0.19	622,500	2.78	\$	0.15
\$0.20 - \$0.39	2,989,298	3.62	\$	0.30
\$0.40 - \$4.00	392,500	4.58	\$	3.09
Total options exercisable	4,004,298	3.51	\$	0.55

Namaste Technologies Inc.
Notes to Condensed Consolidated Interim Financial Statements

For the three and nine months ended May 31, 2018 and May 31, 2017

(Expressed in Canadian dollars)

(Unaudited)

The assumptions used for the calculation of the fair value of the options are as follows:

Black-Scholes assumptions for options

	<i>For nine months ended</i>	
	May 31, 2018	May 31, 2017
Risk free rate	0.55%-2.10%	0.72%-1.00%
Expected life	5 years	5 years
Expected volatility	125%	125%
Expected dividend per share	Nil	Nil

Volatility is calculated by using the historical volatility of other companies that the Company considers comparable that have trading and volatility history prior to the Company becoming public. 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.

10. Capital structure

Capital Structure

	<i>May 31, 2018</i>	<i>August 31, 2017</i>
Shareholder equity	72,593,794	11,527,394

The Company's objective for managing capital are: (i) to maintain a flexible capital structure which optimizes the cost/risk equation; and (ii) to manage capital in a manner which maximizes the interests of shareholders. The Company considers capital as the total equity disclosed on the statement of financial position.

Management does not establish quantitative return on capital criteria, however management reviews its capital management approach on an on-going basis and believes that this approach, given the relative size of the Company, is appropriate. As at May 31, 2018, the Company was not subject to any externally imposed capital requirements.

11. Other Income

		<i>For three months ended</i>		<i>For nine months ended</i>	
		<i>May 31, 2018</i>	<i>May 31, 2017</i>	<i>May 31, 2018</i>	<i>May 31, 2017</i>
Gain on Sale of Dollinger Enterprises US Inc.	Note 11.1	-	-	265,345	-
Interest income		150,560	-	150,560	-
Miscellaneous		15,268	-	36,228	-
		165,828	-	452,133	-

Namaste Technologies Inc.
Notes to Condensed Consolidated Interim Financial Statements

For the three and nine months ended May 31, 2018 and May 31, 2017

(Expressed in Canadian dollars)

(Unaudited)

11.1 Gain on Sale of Dollinger Enterprises US Inc

On December 31, 2017, the Company closed the sales of Dollinger Enterprises US Inc. to ESC Hughes Holding Limited ("the buyer"), an arm's length party, for \$500,000. The Company received proceeds of \$126,000 with the balance to be paid in installments of \$31,250 until fully paid. The balance owed to the Company as at May 31, 2018 is \$202,497. The Company realized a gain on sale of the subsidiary of \$265,345.

12. Loan Payable

The loan from NNKS Pension Trust to URT1 acquired by the Company has been fully paid on May 14, 2018. The loan carried an annual interest rate of 4% with principal payments of \$90,920 and was secured by a floating charge over the inventory held by the borrower in the United Kingdom.

The loan from Swedish Finance company acquired by Findify AB was divided into two loans. The first loan carries an annual interest rate of 9.5% and the second loan carries an annual interest rate of 5.86%. These loans have no fixed amount of repayment.

	<i>May 31, 2018</i>	<i>August 31, 2017</i>
Current		
NNKS Pension Trust Loan	-	94,981
Swedish Finance Loan	7,345	-
Total current loan	7,345	94,981
Long term		
NNKS Pension Trust Loan	-	284,943
Swedish Finance Loan	53,108	-
Total long term loan	53,108	284,943
	60,453	379,924

13. Financial instruments

13.1. Fair value of financial instruments

Financial instruments that are measured at fair value use inputs which are classified within a hierarchy that prioritizes their significance. The three levels of the fair value hierarchy are:

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

The Company has designated its investments as available-for-sale financial assets, accounts receivable as loans and receivables. Accounts payable and accrued liabilities, due to related party, earn-out and loans payable have been designated as other financial liabilities.

The Company's policy is to recognize transfer into and transfer out of the fair value hierarchy levels as of date of the

Namaste Technologies Inc.
Notes to Condensed Consolidated Interim Financial Statements

For the three and nine months ended May 31, 2018 and May 31, 2017

(Expressed in Canadian dollars)

(Unaudited)

event or change in circumstances that caused the transfer. During the nine months ended May 31, 2018, there were no transfer between the levels of the fair value hierarchy.

As at May 31, 2018, both the carrying and fair value amounts of all the Company's financial instruments are approximately equivalent. The carrying and fair value amounts of the Company's loans payable are equivalent due to the nature of the loans.

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

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash, due from related parties and accounts receivable. The Company has no significant concentration of credit risk arising from operations. Cash consists of cash on hand deposited with reputable financial institutions which is closely monitored by management. Accounts receivable related to online sales are held in reputable merchant accounts and are received within a short period of time. Accounts receivable from wholesale orders are with reputable customers that have a longstanding relationship with the Company. Management believes credit risk with respect to financial instruments included in cash, accounts receivable and due from related parties is minimal. The Company's maximum exposure to credit risk as at February 28, 2018 is the carrying value of cash held in merchant accounts and accounts receivable.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying its financial obligations. The Company manages its liquidity risk by forecasting its operations and anticipating its operating and investing activities. All amounts in current liabilities are due within one year.

Financial liabilities - May 31, 2018

	<i>Carrying value</i>	<i>1 - 30 days</i>	<i>30 - 60 days</i>	<i>60 - 90 days</i>	<i>> 90 days</i>
Accounts payable and accrued liabilities	2,079,375	1,527,676	100,406	156,659	294,634
Loan payable	60,453	7,345	-	-	53,108
Earn-outs payable	6,562	6,562	-	-	-
	2,146,390	1,541,583	100,406	156,659	347,742

Financial liabilities - August 31, 2017

	<i>Carrying value</i>	<i>1 - 30 days</i>	<i>30 - 60 days</i>	<i>60 - 90 days</i>	<i>> 90 days</i>
Accounts payable and accrued liabilities	777,402	530,047	205,432	38,745	3,178
Loan payable	379,924	-	94,981	-	284,943
Earn-outs payable	489,230	-	-	-	489,230
	1,646,556	530,047	300,413	38,745	777,351

Namaste Technologies Inc.
Notes to Condensed Consolidated Interim Financial Statements

For the three and nine months ended May 31, 2018 and May 31, 2017

(Expressed in Canadian dollars)

(Unaudited)

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk.

Interest rate risk

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. The Company is not exposed to interest rate price risk.

Foreign currency risk

The Company buys inventory and sells products in several countries. The Company is exposed to foreign currency risk from fluctuations in foreign exchange rates and the degree of volatility in these rates due to the timing of their accounts payable balances. This risk is mitigated by timely payment of creditors and monitoring of foreign exchange fluctuations by management. The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is not exposed to significant other price risk.

14. Operating Segments

14.1. Segmented information

The operating segments of the Company are known as Namaste Bahamas & Dollinger US, Australia Vaporizers, CannMart, Namaste MD, Findify AB 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. The Australian Vaporizers segment is a self-sustaining entity that handles its own fulfillment and sale of products in Australia. CannMart is the Company's entrance into the medicinal and recreational cannabis market in Canada. Namaste MD is a virtual patient platform to study and determine the safety profile of patients using medical cannabis. Findify AB is the Company's artificial intelligence business that provides recommendations, smart collections and analytics tools for e-commerce websites. As such, the business operating metrics and customer base is different from the rest of the Company. Namaste Bahamas & Dollinger US is the Company's global e-commerce business that sells similar products in various geographic areas, it operates from a central capacity in order to fulfill orders, sell their products and make decisions. The chief operating decision maker monitors these six segments separately throughout the year.

Namaste Technologies Inc.
Notes to Condensed Consolidated Interim Financial Statements

For the three and nine months ended May 31, 2018 and May 31, 2017

(Expressed in Canadian dollars)

(Unaudited)

Disclosure by Segment for the three months ended May 31, 2018

	Namaste Bahamas & Dollinger US	Australian Vaporizers	CannMart	Namaste MD	Findify AB	Corporate & Other	Total
Revenue							
Net segment revenue	2,790,318	1,195,380	45,697	17,457	20,980	-	4,069,832
Intersegment revenue	(7,611)	-	-	-	-	-	(7,611)
External revenue	2,782,707	1,195,380	45,697	17,457	20,980	-	4,062,221
Depreciation and amortization	14,638	-	73,497	-	-	387	88,522
Amortization of intangible assets	-	234,560	-	-	64,016	-	298,576
Income tax expense (recovery)	-	(57,578)	-	-	-	(58,137)	(115,715)
Net loss	1,793,224	131,648	572,988	195,262	70,337	5,333,687	8,097,146
Total assets	4,917,092	6,021,148	5,667,638	294,611	17,008,888	44,047,953	77,957,330

Disclosure by Segment for the nine months ended May 31, 2018

	Namaste Bahamas & Dollinger US	Australian Vaporizers	CannMart	Namaste MD	Findify AB	Corporate & Other	Total
Revenue							
Net segment revenue	10,844,701	3,582,097	209,865	17,457	20,980	-	14,675,100
Intersegment revenue	(47,939)	-	-	-	-	-	(47,939)
External revenue	10,796,762	3,582,097	209,865	17,457	20,980	-	14,627,161
Depreciation and amortization	30,057	6,897	81,557	-	-	387	118,898
Amortization of intangible assets	-	703,683	-	-	64,016	-	767,699
Income tax expense (recovery)	-	(54,192)	-	-	-	(58,137)	(112,329)
Net loss	2,339,190	126,451	925,946	240,347	70,337	10,841,148	14,543,419
Total assets	4,917,092	6,021,148	5,667,638	294,611	17,008,888	44,047,953	77,957,330

Namaste Technologies Inc.
Notes to Condensed Consolidated Interim Financial Statements
For the three and nine months ended May 31, 2018 and May 31, 2017
(Expressed in Canadian dollars)
(Unaudited)

Disclosure by Segment for the three months ended May 31, 2017

	<i>Namaste Bahamas & Dollinger US</i>	<i>Australian Vaporizers</i>	<i>CannMart</i>	<i>Namaste MD</i>	<i>Findify AB</i>	<i>Corporate & Other</i>	<i>Total</i>
Revenue							
Net segment revenue	2,211,665	879,540	-	-	-	-	3,091,205
Intersegment revenue	-	-	-	-	-	-	-
External revenue	2,211,665	879,540	-	-	-	-	3,091,205
Depreciation and amortization	-	-	-	-	-	-	-
Amortization of intangible assets	-	215,104	-	-	-	-	215,104
Income tax expense (recovery)	-	(56,866)	-	-	-	-	(56,866)
Net loss (income)	997,933	60,986	-	-	-	2,263,966	3,322,885
Total assets	5,532,169	1,020,981	274,136	-	-	17,995,499	24,822,785

Disclosure by Segment for the nine months ended May 31, 2017

	<i>Namaste Bahamas & Dollinger US</i>	<i>Australian Vaporizers</i>	<i>CannMart</i>	<i>Namaste MD</i>	<i>Findify AB</i>	<i>Corporate & Other</i>	<i>Total</i>
Revenue							
Net segment revenue	6,205,959	879,540	-	-	-	-	7,085,499
Intersegment revenue	-	-	-	-	-	-	-
External revenue	6,205,959	879,540	-	-	-	-	7,085,499
Depreciation and amortization	12,633	-	-	-	-	-	12,633
Amortization of intangible assets	-	215,104	-	-	-	-	215,104
Income tax expense (recovery)	-	(56,866)	-	-	-	-	(56,866)
Net loss (income)	2,289,313	60,986	-	-	-	3,628,362	5,978,661
Total assets	5,532,169	1,020,981	274,136	-	-	17,995,499	24,822,785

Refer to note 18 to assess the impact of the Company's restatement.

Namaste Technologies Inc.
Notes to Condensed Consolidated Interim Financial Statements

For the three and nine months ended May 31, 2018 and May 31, 2017

(Expressed in Canadian dollars)

(Unaudited)

14.2. Geographical information

The Company markets its products globally. Sales are attributed to countries based on the location of customers. Current and non-current assets other than financial instruments and deferred taxes are attributed to countries where assets are based.

Revenues by country

Country	For three months ended		For nine months ended	
	May 31, 2018	May 31, 2017- Restated	May 31, 2018	May 31, 2017- Restated
United Kingdom	1,168,003	809,957	3,748,179	2,095,184
Australia	1,291,727	1,047,628	3,941,927	1,217,883
United States of America	5,075	445,834	1,822,844	1,883,363
Brazil	384,467	166,409	1,119,790	368,923
Canada	566,781	117,763	1,601,228	276,986
Germany	204,250	84,189	754,738	140,286
New Zealand	85,919	79,467	262,117	288,784
Ireland	88,133	55,998	244,113	143,262
Israel	16,704	56,037	116,450	104,640
Other	251,162	227,923	1,015,775	566,188
Total	4,062,221	3,091,205	14,627,161	7,085,499

14.3. Customer information

The Company does not have any major customers representing more than 10% of total sales for the reporting segment.

15. Additional disclosure for statement of cash-flow

Changes in non-cash working capital

	For nine months ended	
	May 31, 2018	May 31, 2017- Restated
Receivables	(641,682)	(559,331)
Inventory	110,896	(983,436)
Prepays and deposits	(1,709,487)	(716,605)
Sales taxes receivable	(365,565)	-
Corporate tax payable	(2,512)	(141,190)
Accounts payable and accrued liabilities	1,365,890	1,019,815
Total	(1,242,460)	(1,380,747)

Refer to note 18 to assess the impact of the Company's restatement.

Namaste Technologies Inc.
Notes to Condensed Consolidated Interim Financial Statements

For the three and nine months ended May 31, 2018 and May 31, 2017

(Expressed in Canadian dollars)

(Unaudited)

16. Expenses by Nature

	<i>For three months ended</i>		<i>For nine months ended</i>	
	<i>May 31, 2018</i>	<i>May 31, 2017- Restated</i>	<i>May 31, 2018</i>	<i>May 31, 2017- Restated</i>
Cost of sales				
Opening inventory-Hardware	2,531,196	1,808,195	2,497,884	942,731
Purchases	2,355,167	2,134,113	8,172,576	6,358,955
Delivery cost	617,741	1,394,728	2,025,066	1,015,649
Ending inventory-Hardware	(2,314,988)	(2,911,017)	(2,314,988)	(2,911,017)
	Note 16.1			
Total cost of sales	3,189,116	2,426,019	10,380,538	5,406,318
Operating expenses				
Selling expenses				
Advertising and promotion	977,241	253,556	2,009,539	556,379
Patient prescription costs	191,970	-	191,970	-
Consulting fees	828,001	1,362,918	2,612,281	2,200,035
Total selling expenses	1,997,212	1,616,474	4,813,790	2,756,414
Administration expenses				
Salaries	406,012	282,996	1,050,412	792,033
Share-based compensation	3,992,016	1,046,518	7,944,059	1,694,893
Bank and credit card fees	231,179	106,131	708,488	358,506
Professional fees	447,175	423,522	1,173,672	813,530
Rent	169,282	25,620	302,474	56,950
Travel	319,858	137,795	556,880	280,596
Filing fees	47,071	20,119	106,867	38,834
Insurance	105,929	29,750	142,616	84,196
Internet and communication	168,349	39,436	465,615	312,505
Office expenses	120,237	58,025	207,253	116,248
Miscellaneous expenses	37,829	-	37,829	73,090
Investor relations	223,589	15,301	346,015	63,292
Total administration expenses	6,268,526	2,185,213	13,042,180	4,684,673
Other expenses				
Foreign exchange loss	228,948	28,146	241,927	45,884
Acquisition	370,010	-	370,010	-
Depreciation and amortization	88,522	-	118,898	12,633
Amortization of intangible	298,576	215,104	767,699	215,104
Total other expenses	986,056	243,250	1,498,534	273,621
Total operating expenses	9,251,794	4,044,937	19,354,504	7,714,708

Refer to note 18 to assess the impact of the Company's restatement.

Namaste Technologies Inc.
Notes to Condensed Consolidated Interim Financial Statements
For the three and nine months ended May 31, 2018 and May 31, 2017
(Expressed in Canadian dollars)
(Unaudited)

16.1 Inventory

The cost of hardware inventory recognized as an expense in the period was \$3,819,116 (August 31, 2017 - \$1,378,128). The Company has not recognised the cost of cannabis as an expense during the current or prior period.

	<i>May 31, 2018</i>	<i>August 31, 2017</i>
Inventory-Hardware	2,314,988	2,497,884
Inventory-Cannabis	72,000	-
Total Inventory	2,386,988	2,497,884

17. Commitments

The below table represents commitments related to payment for the rental payments on for existing leases.

	Amount
2018	26,871
2019	54,424
2020	-
2021	-
2022	-

18. Restatement

Prior period re-statement and re-classifications for the period ending May 31, 2017

During the year ended August 31, 2017, management identified transactions that were incorrectly accounted for. As a result, the condensed consolidated interim statements of loss, changes in shareholders' equity and cash flow for the three and nine-month period ended May 31, 2017 were restated to reflect the impact of below transactions.

The following transactions reflect the adjustments impacting the interim statement of loss:

- i) During the fourth quarter of fiscal 2016 the Company incurred legal fees that had not been accrued during the year ended August 31, 2016. These amounts were recognized when they were paid which was during the six-month period ended February 28, 2017. The impact of the error resulted in a decrease in legal fees of \$77,667 for the six-month period ended May 31, 2017 with a corresponding increase in opening deficit on September 1, 2016. There was no effect to the three-month period ended May 31, 2017.

Namaste Technologies Inc.
Notes to Condensed Consolidated Interim Financial Statements

For the three and nine months ended May 31, 2018 and May 31, 2017

(Expressed in Canadian dollars)

(Unaudited)

- ii) As a result of the asset purchase transaction with URT1 on October 18, 2016, the Company assumed a loan payable bearing interest at a rate of 4% per annum. On initial recognition, the loan was initially recorded at a value that was \$40,858 lower than its fair value on the day of measurement. This also resulted in a decrease in goodwill on initial recognition of the URT1 asset purchase. Furthermore, the Company did not accrue interest on the outstanding balance of the loan payable. The impact of the restatement resulted in \$3,627 of accrued interest being recognized as an increase of net loss for the nine-month period May 31, 2017. There was no effect to the three-month period ended May 31, 2017.
- iii) Upon completion of the transaction with URT1, there was a misallocation between intangibles and goodwill. This resulted in an overstatement of foreign exchange loss of \$37,089 recognized in comprehensive loss for the nine-month period ended May 31, 2017 within the condensed consolidated interim statement of comprehensive loss. There was no effect to the three-month period ended May 31, 2017.
- iv) During the fourth quarter ended August 31, 2016, the Company recognized an amount of \$146,868 owing to a shareholder through income, when it should have been recognized as an increase in the amount owing to that shareholder. The impact of this adjustment resulted in an increase of \$146,868 to opening deficit on September 1, 2016.
- v) During the first quarter ended November 30, 2016, the Company recognized share-based compensation of \$51,764. This amount excluded share-based compensation expense from a 5,530,000 option grant. The impact of this adjustment increased share-based compensation and contributed surplus by \$126,236 for a total of \$178,000. There was no effect to the three-month period ended May 31, 2017.
- vi) During the second quarter ended February 28, 2017, the Company completed a private placement and had not previously recorded the non-cash share issue costs. The impact of this adjustment is an increase to warrant and option reserve and a deduction to share capital of \$414,575. These amounts have been restated within the condensed consolidated interim statements of change in shareholders equity for the nine-month period ended May 31, 2017.
- vii) During the second quarter ended February 28, 2017, the Company had not previously recorded consulting fees of \$50,000. The impact of this adjustment is an adjustment to general and administrative expenses and an increase to accounts payable. There was no effect on the three-month period ended May 31, 2017.
- viii) During the second quarter ended February 28, 2017, there were unaccrued shipping, freight and fulfillment fees of \$170,878. These expenses were recorded in the third quarter ended May 31, 2017. This cut-off error has been adjusted for in both reporting periods.
- ix) During the third quarter ended May 31, 2017, the Company previously classified shipping expenses of \$311,673 as an operating expense rather than cost of sales. The impact of this adjustment is a decrease in operating expenses and an increase of the same amount in cost of sales. For the nine-months ended May 31, 2017, the reclassification between operation expenses and cost of sales is \$540,243, which includes the impact of the preceding interim reporting periods.

Namaste Technologies Inc.
Notes to Condensed Consolidated Interim Financial Statements

For the three and nine months ended May 31, 2018 and May 31, 2017

(Expressed in Canadian dollars)

(Unaudited)

- x) During the second quarter ended February 28, 2017, the Company overstated share-based compensation and contributed surplus by \$103,741. The impact of this adjustment is a reduction in share-based compensation and an increase in net loss. Contributed surplus and retained deficit are also impacted by the respective adjustments. There was no effect on the three-month period ended May 31, 2017.
- xi) During the third quarter ended May 31, 2017, the Company acquired Australian Vaporizers, which had a provision for a customer loyalty program of \$73,027, which was unrecorded and overstated sales for the period. The impact of this adjustment is a reduction of sales and an increase to accounts payable and accrued liabilities.
- xii) During the third quarter ended May 31, 2017, the Company purchased inventory of \$347,008, that had not been received. This inventory purchased was recognized within cost of sales. The impact of this adjustment is a reduction to cost of sales and an increase to prepaids and deposits.

The following transactions reflect the adjustments impacting the interim statement of changes in shareholders' equity:

- xiii) For the nine months ended May 31, 2017, the Company previously reported a share capital balance of \$ 17,882,486. The share capital balance increased by \$3,373,913 which resulted in a restated share capital balance of \$21,256,399. The increase is primarily a result of an increase in the value of share capital issued to acquire URT1 of \$3,456,226 and increase in goodwill, an increase of \$405,100 relate to the shares issued to acquire Vaporseller, which were reclassified from deferred shares, an increase in shares issued on the exercise from options and warrants of \$158,132, which were reclassified from options and warrants reserve, partially offset by a decrease of \$636,146 in share capital, which were reclassified to deferred shares of \$586,937 and options and warrants reserve of \$44,360.
 - xiv) For the nine months ended May 31, 2017, the Company previously reported a deferred shares issuance balance of \$616,394. The balance increased by \$574,337, which resulted in a restated deferred shares issuance balance of \$1,190,731. The increase is primarily due to deferred shares of \$586,937, which were previously recognized as share capital, and increase of \$392,500 related to the acquisition of URT1, with the offset to goodwill, and a decrease in shares issued to acquire Vaporseller of \$405,100, which were reclassified to share capital.
 - xv) For the nine months ended May 31, 2017, the Company previously reported an options and warrants reserve balance of \$7,181,652. The balance reduced by \$630,759, with the offset to share capital, which resulted in a restated balance of \$6,550,893.
 - xvi) For the nine months ended May 31, 2017, the Company previously reported accumulated comprehensive loss of \$105,344. The balance increased by \$98,565, which resulted in a restated balance of \$203,909. The increase is a result of the aforementioned adjustments from the asset purchase transaction with URT1.
 - xvii) For the nine months ended May 31, 2017, the Company previously reported contributed surplus of \$1,352,048. The balance decreased by \$6,692, which resulted in a restated balance of \$1,345,766. The increase is a result of the aforementioned adjustments from the options grant what were previously excluded from the share-based compensation.
 - xviii) For the nine months ended May 31, 2017, the Company previously reported a deficit of \$8,485,382. The deficit decreased by \$709,640, which resulted in a restated balance of \$7,775,742.
-

Namaste Technologies Inc.
Notes to Condensed Consolidated Interim Financial Statements
For the three and nine months ended May 31, 2018 and May 31, 2017
(Expressed in Canadian dollars)
(Unaudited)

Restated condensed consolidated interim statement of loss
For the three months ending May 31, 2017

	<i>As Reported</i>	<i>Restatement of prior period errors</i>	<i>Restated</i>
Sales	3,164,232	(73,027)	3,091,205
Cost of goods sold	2,632,202	(206,183)	2,426,019
Gross profit	532,030	133,156	665,186
Operating expenses			
Selling expenses	1,616,474	-	1,616,474
Administration expenses	3,346,886	(1,161,673)	2,185,213
Other expenses	28,146	215,104	243,250
Total operating expense	4,991,506	(946,569)	4,044,937
Loss before income taxes	(4,459,476)	1,079,725	(3,379,751)
Income tax expense (benefit)			
Current	-	29,176	29,176
Deferred	-	(86,042)	(86,042)
Net loss	(4,459,476)	1,136,591	(3,322,885)
Net loss per share, basic and diluted:	\$(0.03)	\$0.01	\$(0.02)
Weighted average number of outstanding common shares, basic and diluted:	169,864,721	169,864,721	169,864,721

Namaste Technologies Inc.
Notes to Condensed Consolidated Interim Financial Statements
For the three and nine months ended May 31, 2018 and May 31, 2017
(Expressed in Canadian dollars)
(Unaudited)

Restated condensed consolidated interim statement of loss
For the nine months ending May 31, 2017

	<i>As Reported</i>	<i>Restatement of prior period errors</i>	<i>Restated</i>
Sales	7,159,823	(74,324)	7,085,499
Cost of goods sold	5,117,637	288,681	5,406,318
Gross profit	2,042,186	(363,005)	1,679,181
Operating expenses			
Selling expenses	2,756,414	-	2,756,414
Administration expenses	6,149,278	(1,464,605)	4,684,673
Other expenses	45,884	227,737	273,621
Total operating expense	8,951,576	(1,236,868)	7,714,708
Loss before income taxes	(6,909,390)	873,863	(6,035,527)
Income tax expense (benefit)			
Current	-	29,176	29,176
Deferred	-	(86,042)	(86,042)
Net loss	(6,909,390)	930,729	(5,978,661)
Net loss per share, basic and diluted:	\$(0.06)	\$0.01	\$(0.05)
Weighted average number of outstanding common shares, basic and diluted:	124,927,680	124,927,680	124,927,680

Namaste Technologies Inc.
Notes to Condensed Consolidated Interim Financial Statements
For the three and nine months ended May 31, 2018 and May 31, 2017
(Expressed in Canadian dollars)
(Unaudited)

Restated condensed consolidated interim statement of comprehensive loss
For the three months ending May 31, 2017

	<i>As Reported</i>	<i>Restatement of prior period errors</i>	<i>Restated</i>
Net loss	(4,459,476)	1,136,591	(3,322,885)
Cumulative translation adjustment	44,953	-	44,953
Net comprehensive loss for the period	(4,414,523)	1,136,591	(3,277,932)

Restated condensed consolidated interim statement of comprehensive loss
For the nine months ending May 31, 2017

	<i>As Reported</i>	<i>Restatement of prior period errors</i>	<i>Restated</i>
Net loss	(6,909,390)	930,729	(5,978,661)
Cumulative translation adjustment	58,328	(98,565)	(40,237)
Net comprehensive loss for the period	(6,851,062)	832,164	(6,018,898)

Namaste Technologies Inc.
Notes to Condensed Consolidated Interim Financial Statements
For the three and nine months ended May 31, 2018 and May 31, 2017
(Expressed in Canadian dollars)
(Unaudited)

Restated condensed consolidated interim statement of cash flow
For the nine months ending May 31, 2017

	As Reported	<i>Restatement of prior period errors</i>	<i>Restated</i>
Cash provided by (used in) the following activities			
Net loss	(6,909,390)	930,729	(5,978,661)
Adjustments for:			
Share based compensation	2,522,128	(827,235)	1,694,893
Deferred tax liability	-	(86,042)	(86,042)
Amortization of intangible assets	-	215,104	215,104
Cashflow provided by (used in) operating activities before changes in working capital	(4,387,262)	232,556	(4,154,706)
Changes in non-cash working capital	(1,125,479)	(255,268)	(1,380,747)
Cashflows used in operating activities	(5,512,741)	(22,712)	(5,535,453)
Financing activities:			
Change in related party balances	(244,998)	(146,868)	(391,866)
Proceeds from issuance of share	12,983,141	1,453,851	14,436,992
Share issuance costs	-	(1,214,055)	(1,214,055)
Earn-out payment	-	(520,750)	(520,750)
Proceeds from exercise of warrants and options	6,078,539	(4,548,311)	1,530,228
Proceeds from issuance of convertible debenture	-	400,000	400,000
Repayment of loan payable	536,822	(674,123)	(137,301)
Cash flows provided by (used in) financing activities	19,353,504	(5,250,256)	14,103,248
Investing activities:			
Investment in asset and business acquisitions	(10,665,909)	5,272,968	(5,392,941)
Cash flows provided by (used in) investing activities	(10,665,909)	5,272,968	(5,392,941)
Increase in cash resources	3,174,854	-	3,174,854
Cash resources, beginning of the period	113,665	-	113,665
Cash resources, end of the period	3,288,519	-	3,288,519

Namaste Technologies Inc.
Notes to Condensed Consolidated Interim Financial Statements

For the three and nine months ended May 31, 2018 and May 31, 2017

(Expressed in Canadian dollars)

(Unaudited)

19. Subsequent Events

On June 13, 2018, the Company has signed an agreement to acquire 15% of the share capital of Pineapple Express Delivery Inc. for \$1,000,000 which comprised of \$850,000 cash and \$150,000 in shares of Namaste Technologies Inc.

On June 18, 2018, the Company has signed an agreement to acquire 10% of the share capital of Cannbit Ltd. for \$908,000 which includes a combination of both cash and shares of Namaste Technologies Inc.

On June 28, 2018, the Company has announced that, subject to regulatory approval, it intends to commence a normal course issuer bid ("NCIB") to purchase up to 25,308,136 common shares, representing approximately 8.9% of the Company's issued and outstanding common shares and 10% of the Company's "public float".

On June 28, 2018, the company granted 2,435,000 stock options at a grant price of \$1.32. The options vest in equal quarterly instalments over a period of two years.