Namaste Technologies Inc.
Management Discussion and Analysis
Three and nine months ended May 31, 2018

This "Management's Discussion and Analysis" ("MD&A") has been prepared as at May 31, 2018 and should be read in conjunction with Namaste Technologies Inc. (the "Company") unaudited condensed consolidated interim financial statements and related notes for the three and nine months ended May 31, 2018, and its audited consolidated financial statements and MD&A for the year ended August 31, 2017.

Additional information relating to the Company can be found on SEDAR at www.sedar.com.

Management's responsibility for financial reporting

The MD&A for the Company is the responsibility of management. The Board of Directors is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the MD&A.

Forward looking statements

This MD&A includes certain forward-looking statements that are based upon current expectations which involve risks and uncertainties associated with the Company's business and the economic environment in which the business operates. Any statements contained herein that are not statements of historical facts may be deemed to be forward-looking statements, which are often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar words or phrases (including negative variations) suggesting future outcomes or statements regarding an outlook. The forward-looking statements are not historical facts but reflect the Company's current expectations regarding future results or events. Forward-looking statements contained in this MD&A are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations, including the matters discussed in the section "Risks and Uncertainties" below.

Specifically, this MD&A includes, but is not limited to, forward-looking statements regarding management's goal of creating shareholder value, the ability to fund future operating costs, the timing for future research and development of the Company's current and future technologies, sensitivity analysis on financial instruments that may vary from amounts disclosed, prices and price volatility of the Company's products and general business and economic conditions.

Readers are cautioned that the above factors are not exhaustive. Although management has attempted to identify important factors that could cause actual events and results to differ materially from those described in the forward-looking information, there may be other factors that cause events or results to differ from those intended, anticipated or estimated.

Management believes the expectations reflected in the forward-looking information are reasonable, but no assurance can be given that these expectations will prove to be correct and readers are cautioned not to place undue reliance on forward-looking information contained in this MD&A.

The forward-looking information contained in this MD&A is provided as of the date hereof and management undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as otherwise required by law. All of the forward-looking information contained in this MD&A is expressly qualified by this cautionary statement.

Summary of significant accounting polices

The summary of significant accounting policies including the update on accounting standards issued but not yet effective are disclosed in Note 3 of the condensed consolidated interim financial statement.

Basis of consolidation

The interim condensed consolidated interim financial statements include the accounts of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

As of May 31, 2018, Subsidiaries of the parent Company, Namaste Technologies Inc. are as follows:

Equity interests

	May 31, 2018	**August 31, 2017**
Namaste Technologies Holdings Inc.	100%	100%
Namaste Bahamas Inc.	100%	100%
Australian Vaporizers Pty Ltd.	100%	100%
CannMart Inc.	100%	100%
NamasteMD Inc.	100%	0%
Findify AB	100%	0%

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the interim consolidated statements of loss and comprehensive loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

All intercompany transactions, balances, revenue and expenses are eliminated in full on consolidation.

Description of the business

Namaste Technologies Inc. (the “Company”) is a publicly traded corporation, incorporated in British Columbia, Canada, with registered office located at Suite 1600, 100 King Street West, Toronto, Ontario, Canada M5X 1G5. The Company’s primary listing is on the TSX Venture Exchange (“TSXV”) under the trading symbol “N”. The Company has 282,860,589 common shares that are issued and fully paid as of May 31, 2018.

Business strategy of the company

Management is focused on the expansion of its globally diversified platform of e-commerce websites to reinforce its position as “Your Everything Cannabis Store™” by selling all cannabis-related products ranging from vaporizers and smoking accessories to CBD products, as well as personal growing and extraction equipment. The Company is focused on developing innovative technology that is deployed in its e-commerce environments with the goal of enhancing the user experience, improving conversion rates and increasing revenue. The Company is actively engaged with Health Canada in relation to Namaste’s wholly owned subsidiary and Access to Cannabis for Medical Purposes Regulations (“ACMPR”) Licensed Producer, Cannmart, which awaits its medical cannabis “sales-only” license.

Namaste has developed an innovative software application under the Company’s wholly-owned subsidiary, Namaste MD Inc. (“NamasteMD” or “NamasteMD.com”). NamasteMD is vertically integrated patient portal which provides remote access to healthcare practitioners for the purpose of acquiring a prescription for medical cannabis and is available via mobile app or desktop. NamasteMD serves the Company as a patient acquisition tool and portal for patients to access high-quality care. After receiving positive feedback and strong results from the initial launch of the beta version of NamasteMD, management is focused on a full launch of the platform and will utilize its resources to accelerate patient growth in the NamasteMD platform. NamasteMD patients will have the opportunity to order cannabis from Licensed Producers which participate in service agreements with the Company and will also be able to order through Cannmart, upon receipt of its sales license.

Namaste acquired Findify AB (“Findify” or “Findify.io”) during its third quarter. Findify is a leading artificial intelligence (“AI”) software company, which uses machine learning algorithms to track users’ behavior online in real-time, and provide a more personalized buying experience. Findify’s technology works to provide better recommendations to consumers and to optimize search results that are customized to the user’s choice patterns. The Company is working with Findify’s management team to develop a marketing and roll-out strategy that will introduce the technology across Namaste’s e-commerce platform and offer it to other companies in the industry. Namaste’s first full-scale integration of Findify’s entire product suite on NamasteVapes.co.uk has shown strong initial results, and the Company will focus on a global roll-out over the next quarter.

Overall performance

- For the three months ended May 31, 2018, Namaste generated revenues of $4.1 million a gross profit of $0.9 million, and a gross profit margin of 21%. For the nine months ended May 31, 2018, Namaste generated revenues of $14.6 million, a gross profit of $4.2 million, and a gross profit margin of 29%.
- The Company successfully closed a bought-deal financing during the second quarter ended February 28, 2018 for gross proceeds of $40.3 million.
- During the nine months ended May 31, 2018, the Company raised further funds from the exercise of warrants and options for gross proceeds of $14.7 million.
- The Company operates distinct business segments known as Namaste Bahamas & Dollinger US, Australian Vaporizers, CannMart, NamasteMD, Findify AB, and Corporate and other. The business segment Dollinger US was disposed of on December 31, 2017.

Discussion of operations

On March 1, 2018, Namaste announced that the Company has nominated Branden Spikes, Laurens Feenstra and Donald William Nickless (the “Nominees”) for positions on Namaste’s 2018 board of directors, in addition to current board members Sean Dollinger, Sefi Dollinger and Kiranjit Sidhu. The Nominees and proposed board members have served in critical roles at Google, SpaceX and Seagram’s International, and bring an intangible amount of value in helping advance the Company’s technology through innovation.

On March 5, 2018, Namaste announced that the Company’s wholly-owned subsidiary, Cannmart Inc. (“Cannmart”) has submitted its Affirmation of Readiness (“AOR”) and video evidence package to Health Canada. The purpose of the AOR is to provide evidence to Health Canada that Cannmart has completed construction and fit-up of the facility as per the application. Having submitted the AOR, the Company anticipates Health Canada’s review of the evidence package in due course and issuance of its ACMPR production license shortly thereafter. The AOR represents a significant milestone for the Company in the completion of the construction of Cannmart’s facility.

On March 8, 2018, Namaste announced the signing of a Hardware Supply Letter of Intent (“LOI”) with Ample Organics Inc. (“Ample Organics”), whereby Namaste and Ample Organics will integrate Namaste’s vaporizer and accessory hardware with Ample Organics’ e-commerce platform. The intention of the LOI is to allow all of Ample Organics’ customers, including their extensive client list of ACMPR Licensed Producers to access Namaste’s full range of high-quality products.

On March 12, 2018, Namaste announced that it has signed a non-binding LOI with Inolife R&D Inc. (“Inolife”), whereby Namaste and Inolife will negotiate the terms of a definitive agreement to initiate a research study to evaluate applications for Inolife’s proprietary needle-free injectors in the medical cannabis industry. Under the terms of the LOI and proposed Agreement, Namaste will hold exclusive rights to research and distribute Inolife’s needle-free injection technologies for applications in the cannabis industry. Namaste will purchase up to 10% of the shares issued in connection with Inolife’s go-public transaction for approximately $250,000. Inolife will also provide Namaste with the right to acquire up to an additional 10% of the shares issued under the offering at the same price

On March 16, 2018, Namaste announced that its wholly owned subsidiary, Cannmart has received its Access to Cannabis for Medical Purposes Regulations Production License. Under the guidelines set forth by Health Canada, Cannmart may now place initial orders with ACMPR licensed producers. Upon receipt, packaging and testing of the initial shipments of medical cannabis, the Company is then required to demonstrate compliance with standard operating procedures (“SOPs”) and other ACMPR regulatory requirements with Health Canada. Once these objectives have been achieved and following an initial inspection, Cannmart will be able to book a Pre-Sales License Inspection after which the Company will be eligible to receive its ACMPR Sales License.

On March 20, 2018, Namaste announced that it has signed a Medical Cannabis Supply Agreement with Marigold Projects Jamaica Ltd. (“Marigold”) under its wholly owned subsidiary, Cannmart, whereby Marigold will supply Cannmart with high-quality Jamaican produced medical cannabis, to be imported by Cannmart from Jamaica and offered in the Company’s online marketplace, subject to approval by Health Canada and the Cannabis Licensing Authority.

On March 22, 2018, Namaste announced that it has signed a non-binding Terms Sheet with PharmaCann Pty Ltd., whereby Namaste will participate in an investment to purchase a 10% equity position in PharmaCann. PharmaCann currently operates with existing licenses to import, export and wholesale medical cannabis issued by the Australian Government Department of Health. Namaste’s investment in PharmaCann will be used by PharmaCann to proceed with its application to further secure a cultivation license.

On March 26, 2018, Namaste announced that it has signed a medical cannabis Product Acquisition Agreement under the Company’s wholly owned subsidiary, Cannmart, with Clever Leaves (Ecomedics S.A.S.), a vertically integrated, licensed producer of medical cannabis in Colombia, with the assistance of Clever Leaves’ financial sponsor, Northern Swan Holdings, Inc. (“Northern Swan”).

On March 28, 2018, Namaste announced that following the Company's Annual General Meeting of shareholders, which was held at the law offices of Gowling WLG on Tuesday, March 27, 2018, the Company has appointed Branden Spikes, Laurens Feenstra and Donald William Nickless (the "Board Appointees") for positions on Namaste's 2018 board of directors.

On April 4, 2018, Namaste announced that it has initiated Canada's first large-scale prospective study on a national platform called the Cannabis for Anxiety Reduction study, to determine the effectiveness of cannabis in reducing anxiety in study participants. One in four Canadians suffer from anxiety and the Company through this study will seek to gain valuable information from study participants on the impact of medical cannabis use in relation to their anxiety. Namaste is also interested in determining the safety profile of patients using medical cannabis, and whether strain and dose of medical cannabis may impact patient reductions in anxiety ratings. Namaste plans to offer this study to its patients which are registered under the Company's wholly-owned subsidiary and virtual patient platform, NamasteMD Inc. ("NamasteMD").

On April 9, 2018, Namaste announced that the Company has signed an amendment to the LOI dated April 4th, 2018 (the "LOI Amendment"). Under the terms of the LOI Amendment, 2624078 Ontario Inc. will apply for an ACMPR license to produce and sell medical cannabis oils. If the ACMPR Licence is awarded, it will allow the 2624078 Ontario Inc. to perform testing and strain development for Cannmart, as well as import cannabis materials and genetics for the production of quality cannabis extracts for research purposes under the dealer's licence it is also applying for. Additionally, if the ACMPR Licence is obtained, it would allow 2624078 Ontario Inc. to develop a leading brand of ACMPR compliant cannabis oils for sale to medical patients, other ACMPR licensed producers and provincial distribution channels for the upcoming recreational market.

On April 13, 2018, Namaste announced that Donald Nickless has resigned from the board of directors and as Chairman of Namaste effective immediately due to health reasons. As a result of Mr. Nickless' resignation, Sefi Dollinger has been appointed as Chairman of the Company. The Company also announced that Sean Dollinger has been appointed to the audit and compensation committees.

On April 25, 2018, Namaste announced that it has signed a non-binding LOI with Pineapple Express Delivery Inc. ("Pineapple Express"), whereby Namaste will invest $1,000,000 to acquire 15% of the share capital of Pineapple Express and obtain a right of first refusal to purchase an additional 10% of the share capital for an additional $1,200,000. Pineapple Express currently operates a same-day delivery service for medical cannabis and expects to expand across Canada.

On May 1, 2018, Namaste announced that the Company has received final approval to list the common shares and warrants of the Company on the TSX Venture Exchange ("TSXV") as a Tier 1 issuer. The common shares and warrants of the Company will be delisted from the Canadian Securities Exchange at the close of trading on May 1, 2018 and listed on the TSXV at the opening of trading on May 2, 2018. The Company's common shares will continue to trade under the symbol "N" and its warrants will continue to trade under the symbol "N.WT."

On May 2, 2018, Namaste announced that on May 1, 2018 the Company executed a definitive agreement to acquire all of the issued and outstanding shares of Findify AB (a Swedish corporation, "Findify"), for a purchase price of US $12,000,000 in a combination of cash and common shares of the Company. Findify is a global leader in A.I. powered e-commerce personalization, delivering solutions such as personalized search, recommendations, and advanced data analytics.

On May 7, 2018, Namaste announced that the Company has signed an exclusive drop-shipping supply agreement with Ample Organics. Ample Organics is Canada's leading seed-to-sale software platform, currently used by the majority of Canada's licensed producers of medical cannabis. Under the terms of the Agreement, Namaste will connect its cannabis hardware and accessory platform via API integration with Ample Organics' system. This will allow each of Ample Organics' LP customers to have instant access to a large variety of devices and accessories available for purchase during checkout.

On May 14, 2018, Namaste announced the integration of several critical updates to the Company's online patient acquisition tool, NamasteMD. NamasteMD, has allowed Namaste to accelerate patient growth at a rate that exceeds any industry peers and at a significantly lower cost per patient. Additionally, the Company would like to announce that co-founder Kory Zelickson is transferring roles to become Vice President of Business Development and Investor Relations and that Baran Dilaver will be appointed as the Company's interim Chief Operating Officer.

On May 17, 2018, Namaste announced that the Company has signed a supply agreement for the sale and distribution of RX Princeps the medicinal marijuana brand of Tetra Natural Health, whereby Namaste will purchase RX Princeps from Tetra Natural Health which will be sold through Namaste's wholly owned subsidiary Cannmart. Tetra Bio-Pharma is a biopharmaceutical leader in cannabinoid-based drug discovery and development with a clinical program aimed at bringing novel drugs and treatments to patients and their healthcare providers.

On May 22, 2018, Namaste announced that the Company has closed its previously announced acquisition of Swedish-based A.I. and machine learning technology platform, Findify AB ("Findify" or "Findify.io"), through the purchase of all of the issued and outstanding shares of Findify. The transaction was closed on May 18, 2018 and included purchase price of $2 million USD in cash and issuance of 7,142,857 shares of Namaste Technologies Inc. shares.

On May 23, 2018, Namaste announced that further to the Letter of Intent dated March 28, 2018, the Company has signed a definitive agreement with Inolife, whereby Namaste is granted exclusive rights to the commercialization of Inolife's innovative needle-free technology for applications of medical cannabis, in accordance with Health Canada regulations. Namaste also announced that the Company is participating as the lead order in a non-brokered private placement offering, whereby Namaste will purchase 2,000,000 units of Inolife, issued at a price of $0.10 per unit. Each unit consists of one common share and one-half of one common share purchase warrant, with an exercise price of $0.20 per full warrant for a period of 24 months from the Private Placement closing date.

On May 28, 2018, Namaste announced that the Company has signed an exclusive international distribution agreement with Shatterizer Inc. ("Shatterizer"), whereby Namaste will retain exclusive rights to sell Shatterizer's innovative line of cannabis concentrate vaporizers in international markets. Namaste is also pleased to announce that the Company will be working with Shatterizer to launch a pod-based vaporizer system for the Canadian recreational market.

Financial Results

	For three months ended		***For nine months ended***	
	May 31, 2018	***May 31, 2017-Restated***	***May 31, 2018***	***May 31, 2017-Restated***
Sales	**4,062,221**	3,091,205	**14,627,161**	7,085,499
Gross profit	**873,105**	665,186	**4,246,623**	1,679,181
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

Revenue

The Company's net revenues for the three months ended May 31, 2018 were $4.1 million (2017 – $3.1 million), which is an increase of $1.0 million or 32% as compared to the three months ended May 31, 2017. The increase in net revenues during the third quarter of 2018 was primarily due to organic growth in the Company.

The Company's net revenues for the nine months ended May 31, 2018 were $14.6 million (2017 – $7.1 million), which is an increase of $7.5 million or 106% as compared to the nine months ended May 31, 2017. The increase in net revenues during the nine months ended May 31, 2018 was primarily due to organic growth in the Company and full nine months of revenue from EDIT domains and Australian Vaporizers. EDIT domains were acquired in October 2016 and Australian Vaporizers was acquired in March 2017.

Revenues by country

	For three months ended		*For nine months ended*	
Country	*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

The majority of revenues were generated by several key markets. For the three and nine months ended May 31, 2018, the top five revenue earning countries generated 90% and 84% of revenues, respectively. For the three and nine months ended May 31, 2017, the top five revenue earning countries generated 87% and 87% of revenues, respectively.

Revenue 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**

Revenue 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**

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

	Namaste Bahamas & Dollinger US	*Australian Vaporizers*	*CannMart*	*Namaste MD*	*Findify AB*	*Corporate & Other*	*Total*
Revenue							
Net segment revenue	2,211,665	879,540	-	-	-	-	**3,091,205**
Intersegment revenue	-	-	-	-	-	-	**-**
External revenue	2,211,665	879,540	-	-	-	-	**3,091,205**

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

	Namaste Bahamas & Dollinger US	*Australian Vaporizers*	*CannMart*	*Namaste MD*	*Findify AB*	*Corporate & Other*	*Total*
Revenue							
Net segment revenue	6,205,959	879,540	-	-	-	-	**7,085,499**
Intersegment revenue	-	-	-	-	-	-	**-**
External revenue	6,205,959	879,540	-	-	-	-	**7,085,499**

Gross profit and cost of sales

	For three months ended		*For nine months ended*	
	May 31, 2018	*May 31, 2017-Restated*	*May 31, 2018*	*May 31, 2017-Restated*
Sales	**4,062,221**	3,091,205	**14,627,161**	7,085,499
Cost of Sales	**3,189,116**	2,426,019	**10,380,538**	5,406,318
Gross profit	**873,105**	665,186	**4,246,623**	1,679,181
Gross margin	**21%**	22%	**29%**	24%

Cost of sales includes all expenditures relating to the product. This includes shipping fees, import duties, storage costs, handling charges and insurances. The Company uses the weighted average method to track and cost inventory items. The inventory consists of vaporizers, vaporizer accessories, and therapeutic herbs. The inventory consists solely of goods currently available for sale and does not include any unfinished goods or work-in-progress.

The Company’s cost of sales for the three months ended May 31, 2018 were $3.2 million (2017 – $2.4 million), which resulted in a gross profit of $0.9 million (2017 – $0.7 million). The gross profit increased by $0.2 million or 31% primarily due to the growth in revenue. The gross profit margin of 21% was comparable to the gross margin of 22% in the same period last year.

The Company’s cost of sales for the nine months ended May 31, 2018 were $10.4 million (2017 – $5.4 million), which resulted in a gross profit of $4.2 million (2017 – $1.7 million). The gross profit increased by $2.5 million or 153% primarily due to the growth in revenue. The gross profit margin increased year over year from 24% to 29%, primarily due to the higher margins in the first and second quarter of 2018.

Operating expenses

	For three months ended		*For nine months ended*	
	May 31, 2018	***May 31, 2017-Restated***	***May 31, 2018***	***May 31, 2017-Restated***
Operating expenses				
Selling expenses	**1,997,212**	1,616,474	**4,813,790**	2,756,414
Administration expenses	**6,268,526**	2,185,213	**13,042,180**	4,684,673
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

Selling expenses for the three months ended May 31, 2018 were $2.0 million (2017 – $1.6 million), which was an increase of $0.4 million. The increase was due to an increase in advertising expenses of $0.7 million, patient acquisition costs of $0.2 million, partially offset by a decrease in consulting expenses of $0.5 million. Advertising expenses relate to online search services as well as other online promotional and social media tools utilized by the Company to generate sales. These costs further represent the Company's significant investment into search engine optimization and its ongoing customer acquisition strategy. Patient acquisition costs relating to prescription costs for medicinal cannabis patients through NamasteMD. Consulting expenses relate to compensation amounts paid to various companies and individuals for marketing, fulfillment and distribution services, customer service activities, e-commerce product development, back-office e-commerce support and sales commissions. In addition to this, there are increased consulting costs primarily related to information technology in order to develop current and new revenue channels that the Company is working towards.

For the ninth months ended May 31, 2018 selling expenses were $4.8 million (2017 - $2.8 million), which was an increase of $2.0 million. The increase is due to an increase in advertising expenses of $1.4 million, consulting expenses of $0.4 million, and patient acquisition costs of $0.2 million. The increase in these costs was due to the aforementioned factors impacting the three months ended May 31, 2018.

Administration expenses for the three months ended May 31, 2018 were $6.3 million (2017 – $2.2 million), which was an increase of $4.1 million. The increase was primarily due to non-cash share-based compensation of $4.0 million. The remaining increase was made up of small increased in a number of areas.

Administration expenses for the nine months ended May 31, 2018 were $13.0 million (2017 – $4.8 million), which was an increase of $8.2 million. The increase was primarily due to a $6.3 million increase in non-cash share-based compensation expense.

Other expenses for the three months ended May 31, 2018 were $1.0 million (2017 – $0.2 million), which was an increase of $0.8 million. The increase was primarily due to amortization of intangibles of $0.3 million which relates to the amortization of the customers list from the acquisition of Australian Vaporizers of $0.2 million, and the amortization of intellectual properties from the acquisition of Findify AB of $0.1 million, the acquisition cost of Findify of $0.4 million, and foreign exchange loss of $0.2 million.

Other expenses for the nine months ended May 31, 2018 were $1.5 million (2017 – $0.3 million), which was an increase of $1.2 million. The increase is primarily due to the aforementioned factors impacting the three months ended May 31, 2018.

Other income

Other income for the three months ended May 31, 2018 was $0.2 million (2017 - $Nil). The increase relates to interest income.

Other income for the nine months ended May 31, 2018 was $0.5 million (2017 - $Nil). The increase relates to the $0.3 million gain on sales of Dollinger Enterprises US Inc. and $0.2 million on interest income.

Summary of quarterly results

The Company's quarterly consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as are issued by the International Accounting Standards Board (IASB) and are reported in Canadian dollars. The following quarterly information is presented on the same basis as the audited consolidated financial statements and should be read in conjunction with the statements and the accompanying notes.

Summary of quarterly results	***Aug-16-Restated***	***Nov-16-Restated***	***Feb-17-Restated***	***May-17-Restated***	***Aug-17***	***Nov-17-Restated***	***Feb-18***	***May-18***
Sales	877,031	2,087,188	1,907,106	3,091,205	3,822,888	4,931,110	5,633,830	4,062,221
Cost of Sales	686,149	1,526,690	1,309,072	2,426,019	3,849,991	3,351,577	3,655,792	3,189,116
Gross profit	**190,882**	**560,498**	**598,034**	**665,186**	**(27,103)**	**1,579,533**	**1,978,038**	**873,105**
Gross margin	*21.8%*	*26.9%*	*31.4%*	*21.5%*	*-0.7%*	*32.0%*	*35.1%*	*21.5%*
Net loss	(1,139,830)	(1,011,333)	(1,471,835)	(3,322,885)	(10,437,773)	(3,103,601)	(3,158,619)	(8,097,146)
Net loss per share, basic and diluted:	$(0.02)	$(0.01)	$(0.01)	$(0.02)	$(0.06)	$(0.02)	$(0.01)	$(0.03)
Weighted average number of outstanding common shares, basic and diluted:	64,537,844	90,012,893	113,926,157	169,864,721	185,040,460	193,053,277	246,062,232	275,797,560
Total assets	4,111,081	13,055,751	7,991,329	24,822,785	13,924,370	22,735,617	66,858,770	77,957,330

The Company has seasonal fluctuations in its operating results, which is primarily due to the sales cycle that exists in the e-commerce sector. The gross margin for the third quarter ended May 2018 was consistent to the same period in 2017. The increase in net loss during the fourth quarter ended August 2017 was primarily due to impairment of goodwill and intangible assets. The higher net loss in the quarters ended May 2018 in comparison to the previous two quarters in the year was primarily due to non-cash share-based compensation expense.

Liquidity

The Company's objectives when managing its liquidity and capital structure are to generate sufficient cash to fund operating and organic growth requirements. The Company's cash resources are impacted by the seasonality of e-commerce sales. The Company has sufficient cash on hand to manage its short-term and long-term objective. The Company currently operates at a cash loss however, this has no impact on the Company's growth objectives.

As at May 31, 2018, the Company had cash of $43,969,291. Working capital for the Company consists of current assets less current liabilities. As at May 31, 2018, the Company has sufficient capital resources to satisfy its near term and long term financial obligations as well as growth initiatives.

The table below sets forth the cash and working capital position of the Company as at May 31, 2018 and August 31, 2017.

Cash and working capital position

	May 31, 2018	*August 31, 2017*
Cash	**43,969,291**	1,132,770
Working capital excluding cash	**4,354,393**	2,310,241

The table below sets forth the Company's cash flows for the three and nine months ended May 31, 2018.

	For nine months ended	
Cash provided by (used in);	*May 31, 2018*	*May 31, 2017-Restated*
Operating activities	**(7,201,699)**	(5,535,453)
Financing activities	**53,828,097**	14,103,248
Investing activities	**(3,789,877)**	(5,392,941)

- ***Cash used in operating activities***

  For the nine months ended May 31, 2018, the cash used in operating activities was approximately $7.2 million (2017 – $5.5 million). The increase in cash used during the period was primarily due to an increase in operating expenses.

- ***Cash provided by financing activities***

  For the nine months ended May 31, 2018, the cash provided by financing activities was $53.8 million (2017 – $14.1 million). The increase was primarily a result of Namaste closing the bought-deal financing of $40.3 million in February 2018, partially offset by share issuance costs. In addition to this, there were proceeds the exercising of warrants and options.

- ***Cash used in investing activities***

  For the nine months ended May 31, 2018, the cash used in investing activities was $3.8 million (2017 – 5.4 million). Cash used in investing activities were primarily due to the build-out of the CannMart facility and the acquisition of Findify AB. In the prior period, costs incurred were primarily due to the acquisition of URT1 and Australian Vaporizers.

Non-IFRS Measures

Management evaluates the Company's performance using a variety of measures. The non-IFRS measures discussed below should not be considered as an alternative to or to be more meaningful than net revenue or net loss. These measures do not have any standardized meaning prescribed by IFRS and many not be comparable to similar measures presented by other companies.

Adjusted EBITDA

	For three months ended		***For nine months ended***	
	May 31, 2018	***May 31, 2017-Restated***	***May 31, 2018***	***May 31, 2017-Restated***
IFRS measures from consolidated financial statements				
Statement of loss:				
Net loss	**(8,097,146)**	(3,322,885)	**(14,543,419)**	(5,978,661)
Current tax expense	**12,789**	29,176	**156,912**	29,176
Deferred tax benefit	**(128,504)**	(86,042)	**(269,241)**	(86,042)
Depreciation	**88,522**	-	**118,898**	12,633
Amortization of intangible assets	**298,576**	215,104	**767,699**	215,104
EBITDA	**(7,825,763)**	(3,164,647)	**(13,769,151)**	(5,807,790)
Adjustments:				
Other income	**(165,828)**	-	**(452,133)**	-
Share-based compensation	**3,992,016**	1,046,518	**7,944,059**	1,694,893
Shares for services	**-**	-	**324,338**	-
Foreign exchange loss (gain)	**228,948**	28,146	**241,927**	45,884
Adjusted EBITDA	**(3,770,627)**	(2,089,983)	**(5,710,960)**	(4,067,013)

EBITDA and Adjusted EBITDA are calculated as described above, adjusted for specific items that are significant but not reflective of the Corporation's underlying operations. Adjustment of these specific items is subjective; however, management uses its judgment and informed decision-making when identifying items for adjustment.

Adjusted EBITDA is provided to assist management and investors in determining the Company's operating performance before income taxes, depreciation and amortization, and certain other income and expenses. Income taxes, depreciation and amortization are excluded from the EBITDA calculation, as they do not represent cash expenditures that are directly affected by operations. Management believes that presentation of this non-IFRS measure provides useful information to investors and shareholders as it provides predictive value and assists in the evaluation of performance trends. Management uses adjusted EBITDA to compare financial results among reporting periods and to evaluate Namaste's operating performance and ability to generate funds from operating activities.

In calculating Adjusted EBITDA, management excluded certain non-cash and nonrecurring transactions. Adjusted EBITDA excluded non-cash expenses related to share-based compensation and foreign exchange gains and losses.

Capital resources

On October 31, 2017, Namaste completed its non-brokered private placement, whereby a total of 14,409,000 Units of the Company have been issued and sold, 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 date. 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 Canadian Securities 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.

On February 27, 2018 Namaste completed a non-brokered private placement 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 Canadian Securities 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.

For the three months ended May 31, 2018 the Company issued 3,641,036 common shares on exercise of various warrants and options for total gross proceeds of $1.1 million. For the nine months ended May 31, 2018 the Company issued 51,686,172 common shares on exercise of various warrants and options for total gross proceeds of $14.7 million.

Off-balance sheet arrangements

The Company does not have any off-balance sheet arrangements.

Related party transactions

	May 31, 2018	*August 31, 2017*
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 Sean Dollinger. During the nine months ended May 31, 2018, the amount paid to Dollinger Enterprises Europe Ltd was $77,820.

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.

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

Commitments

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

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 investment 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.

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.

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 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. Management believes credit risk with respect to financial instruments included in cash 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 it operations and anticipating its operating and investing activities. All amounts in current liabilities are due within one year.

Financial liabilities - May 31, 2018

	Carrying value	***1 - 30 days***	***30 - 60 days***	***60 - 90 days***	***> 90 days***
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

	Carrying value	***1 - 30 days***	***30 - 60 days***	***60 - 90 days***	***> 90 days***
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

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.

Transactions in foreign currencies are translated to the respective functional currencies at the spot rate on the dates of the transactions. At each statement of financial position date, monetary assets and liabilities are translated using the period end foreign exchange rate. Non-monetary assets and liabilities are translated using the historical rate on the date of the transaction. Non-monetary assets and liabilities that are stated at fair value are translated using the historical rate on the date that the fair value was determined. All gains and losses on translation of these foreign currency transactions are included in income.

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.

Share Information

The Company is authorized to issue an unlimited number of common shares and an unlimited number of preferred shares. As at the date of this interim report, there were 282.9 million common shares issued and outstanding.

Subsequent events

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.

Additional information

Additional information regarding the Company, including the Company's Annual Information Form for the year ended August 31, 2017, is available under the Company's profile on SEDAR at www.sedar.com.