Interim Condensed Consolidated Financial Statements of

NAMASTE TECHNOLOGIES INC.

Three and six months ended May 31, 2019
(Unaudited – Expressed in Canadian dollars)

NAMASTE TECHNOLOGIES INC.
Interim Condensed Consolidated Statements of Financial Position

As at May 31, 2019 and November 30, 2018
(Unaudited - Expressed in Canadian dollars)

	Notes		2019	2018
ASSETS				
Current assets				
Cash and cash equivalents		$	55,880,981	78,210,706
Accounts receivable	5		3,137,986	1,627,781
Inventories	6		4,940,698	5,767,729
Prepaid expenses and other assets			4,405,451	1,720,365
Income tax receivable			68,915	175,536
Total current assets			68,434,031	87,502,117
Non-current assets				
Investments in associates	7		5,769,585	-
Other investments	8		3,181,427	3,752,589
Property and equipment	9		1,156,810	1,216,043
Intangible assets	10		9,806,493	9,222,530
Goodwill	11		15,280,854	15,280,854
Long-term deposits and other assets			1,202,182	15,826
Total non-current assets			36,397,351	29,487,842
Total assets	4	$	104,831,382	116,989,959
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities				
Accounts payable and accrued liabilities	12	$	4,622,257	6,508,113
Current portion of loans payable			17,279	19,828
Deferred revenue			362,384	81,425
Income tax payable			33,888	33,888
Total current liabilities			5,035,808	6,643,254
Non-current liabilities				
Loans payable			12,452	20,611
Deferred tax liabilities			526,257	718,732
Total non-current liabilities			538,709	739,343
Shareholders' equity				
Share capital	13		134,802,338	125,123,144
Contributed surplus			13,563,827	12,674,068
Warrants reserve			33,105,777	34,340,037
Accumulated other comprehensive income			130,982	576,717
Accumulated deficit			(82,306,552)	(63,085,385)
Total equity attributable to owners of the Company			99,296,372	109,628,581
Non-controlling interest			(39,507)	(21,219)
Total shareholders' equity			99,256,865	109,607,362
Commitments and contingencies	18			
Total liabilities and shareholders' equity		$	104,831,382	116,989,959

See accompanying notes to interim condensed consolidated financial statements.

These interim condensed consolidated financial statements were approved for issue on behalf of the Board of Directors on July 18, 2019 by:

Branden Spikes
Director

Kenneth Ngo
Director

NAMASTE TECHNOLOGIES INC.

Interim Condensed Consolidated Statements of Operations

For the three and six months ended May 31, 2019 and May 31, 2018
(Unaudited - Expressed in Canadian dollars, except for share and per share amounts)

	Notes		Three months ended May 31, 2019	Three months ended May 31, 2018	Six months ended May 31, 2019	Six months ended May 31, 2018
Revenue	4	$	3,994,232	4,062,221	8,587,689	9,696,051
Cost of goods sold	6		(3,141,130)	(3,189,116)	(6,747,461)	(7,028,961)
Gross profit			853,102	873,105	1,840,228	2,667,090
Selling, general and administration expenses	14		(9,792,708)	(9,251,794)	(21,575,450)	(14,716,112)
Other income			331,458	165,828	755,745	452,133
Share of loss of the associates	7		(97,102)	-	(97,102)	-
Loss before income taxes			(8,705,250)	(8,212,861)	(19,076,579)	(11,596,889)
Income tax (expense) recovery:						
Current			(6,141)	(12,789)	(15,943)	(41,802)
Deferred			78,620	128,504	181,715	198,873
Net income tax recovery	4		72,479	115,715	165,772	157,071
Net loss	4	$	(8,632,771)	(8,097,146)	(18,910,807)	(11,439,818)
Net loss attributable to:						
Owners of the Company		$	(8,623,159)	(8,097,146)	(18,892,519)	(11,439,818)
Non-controlling interest			(9,612)	-	(18,288)	-
		$	(8,632,771)	(8,097,146)	(18,910,807)	(11,439,818)
Net loss per share (basic and diluted) attributable to owners of the Company		$	(0.03)	(0.03)	(0.06)	(0.04)
Weighted average number of outstanding common shares (basic and diluted)			321,374,960	275,797,560	317,132,209	274,536,639

See accompanying notes to interim condensed consolidated financial statements.

NAMASTE TECHNOLOGIES INC.

Interim Condensed Consolidated Statements of Comprehensive Loss

For the three and six months ended May 31, 2019 and May 31, 2018
(Unaudited - Expressed in Canadian dollars)

		Three months ended May 31, 2019	Three months ended May 31, 2018	Six months ended May 31, 2019	Six months ended May 31, 2018
Net loss	$	(8,632,771)	(8,097,146)	(18,910,807)	(11,439,818)
Other comprehensive income (loss):					
Items that are or may be reclassified to profit or loss					
Cumulative translation adjustment (CTA)		(546,004)	58,963	(425,709)	(149,058)
Reclassification of CTA on disposal of subsidiary		-	-	-	163,672
Items that will not be reclassified to profit or loss					
Changes in the fair value of equity investments, net of tax		(70,085)	180,634	(20,026)	380,634
		(616,089)	239,597	(445,735)	395,248
Comprehensive loss	$	(9,248,860)	(7,857,549)	(19,356,542)	(11,044,570)
Comprehensive loss attributable to:					
Owners of the Company	$	(9,239,248)	(7,857,549)	(19,338,254)	(11,044,570)
Non-controlling interest		(9,612)	-	(18,288)	-
Comprehensive loss	$	(9,248,860)	(7,857,549)	(19,356,542)	(11,044,570)

See accompanying notes to interim condensed consolidated financial statements.

NAMASTE TECHNOLOGIES INC.

Interim Condensed Consolidated Statements of Changes in Shareholders' Equity

For the six months ended May 31, 2019 and May 31, 2018
(Unaudited - Expressed in Canadian dollars, except for common shares)

	Attributable to owners of the Company									
	Common shares	Share capital	Contributed surplus	Deferred shares	Warrants reserve	Accumulated OCI	Accumulated deficit	Total	Non-controlling interest	Total
		$	$	$	$	$	$	$	$	$
Balance at November 30, 2018	308,981,542	125,123,144	12,674,068	-	34,340,037	576,717	(63,085,385)	109,628,581	(21,219)	109,607,362
Total comprehensive loss:										
Net loss	-	-	-	-	-	-	(18,892,519)	(18,892,519)	(18,288)	(18,910,807)
Other comprehensive loss	-	-	-	-	-	(445,735)	-	(445,735)	-	(445,735)
Transactions directly recorded in equity:										
Issue of shares for purchase of Pineapple (note 7 (a))	2,587,466	3,210,488	-	-	-	-	-	3,210,488	-	3,210,488
Exercise of stock options and warrants	10,634,375	6,640,915	(1,681,908)	-	(1,234,260)	-	-	3,724,747	-	3,724,747
Share-based compensation	-	10,542	2,571,667	-	-	-	-	2,582,209	-	2,582,209
Shares buyback	(460,900)	(182,751)	-	-	-	-	(328,648)	(511,399)	-	(511,399)
Balance at May 31, 2019	321,742,483	134,802,338	13,563,827	-	33,105,777	130,982	(82,306,552)	99,296,372	(39,507)	99,256,865
Balance on November 30, 2017	216,511,317	31,585,648	2,059,539	3,102,212	5,597,660	(267,533)	(22,257,946)	19,819,580	-	19,819,580
Total comprehensive income (loss):										
Net loss	-	-	-	-	-	-	(11,439,818)	(11,439,818)	-	(11,439,818)
Other comprehensive income	-	-	-	-	-	395,248	-	395,248	-	395,248
Transactions directly recorded in equity:										
Issue of shares for cash	15,784,900	27,698,404	-	-	12,553,091	-	-	40,251,495	-	40,251,495
Share issuance costs	-	(5,084,498)	-	-	1,699,318	-	-	(3,385,180)	-	(3,385,180)
Issue of shares for acquisition of Findify	7,142,857	11,785,714	-	-	-	-	-	11,785,714	-	11,785,714
Deferred shares	-	-	-	215,000	-	-	-	215,000	-	215,000
Exercise of stock options and warrants	38,354,109	18,418,441	-	(1,911,576)	(7,411,226)	-	-	9,095,639	-	9,095,639
Share-based compensation	-	-	5,856,116	-	-	-	-	5,856,116	-	5,856,116
Issue of shares for earn-out	5,067,406	1,190,636	-	(1,190,636)	-	-	-	-	-	-
Balance on May 31, 2018	282,860,589	85,594,345	7,915,655	215,000	12,438,843	127,715	(33,697,764)	72,593,794	-	72,593,794

See accompanying notes to interim condensed consolidated financial statements.

NAMASTE TECHNOLOGIES INC.

Interim Condensed Consolidated Statements of Cash Flow

For the six months ended May 31, 2019 and May 31, 2018
(Unaudited - Expressed in Canadian dollars)

		2019	2018
Cash flows from operating activities:			
Net loss	$	(18,910,807)	(11,439,818)
Adjustments for:			
Depreciation		186,045	102,349
Amortisation		988,509	533,138
Share-based compensation		2,582,209	5,856,116
Gain on disposal of subsidiary		-	(265,345)
Unrealised gain on derivatives		(2,812)	-
Share of loss of the associates, net of tax		97,102	-
Other non-cash income		-	(20,960)
Deferred tax recovery		(181,715)	(198,873)
Foreign exchange gain		(454,720)	(48,922)
Cash used in operations before changes in working capital		(15,696,189)	(5,482,315)
Changes in non-cash working capital (note 16(a))		(5,653,724)	(1,016,131)
Net cash used in operating activities		(21,349,913)	(6,498,446)
Cash flows from investing activities:			
Purchase of equity investments		(355,310)	(450,750)
Acquisition of associate		(1,500,000)	-
Purchase of property and equipment		(122,269)	(1,032,347)
Purchase of intangible assets		(1,555,705)	(219,236)
Loans receivable advanced		(650,000)	-
Proceeds from disposal of subsidiary		-	48,548
Investment in business acquisitions		-	(2,409,373)
Net cash used in investing activities		(4,183,284)	(4,063,158)
Cash flows from financing activities:			
Proceeds from issuance of share capital		-	40,251,495
Proceeds from exercise of warrants and stock options		3,724,747	11,007,215
Movement in deferred shares		-	(1,696,576)
Cash used for shares buyback		(511,399)	-
Share issuance costs		-	(3,385,180)
Repayment of loans payable		(10,708)	(311,914)
Earn-out payment		-	(281,494)
Net cash provided by financing activities		3,202,640	45,583,546
Net (decrease) increase in cash and cash equivalents		(22,330,557)	35,021,942
Effect of movement in exchange rates on cash held		832	(5,992)
Cash and cash equivalents, beginning of period		78,210,706	8,953,341
Cash and cash equivalents, end of period	$	55,880,981	43,969,291

See accompanying notes to interim condensed consolidated financial statements.

Refer to note 16 for additional cash flow information.

1. General information

Namaste Technologies Inc. (the "Company") 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 registered office is 2300 - 550 Burrard Street, Vancouver, British Columbia, V6C 2B5, Canada. These interim condensed consolidated financial statements of the Company comprise the Company and its subsidiaries (together referred to as the "Group" or "Namaste").

Namaste is 'Your Everything Cannabis Store™'. It operates an e-commerce platform with websites and distribution hubs located around the world. Namaste has operations in Europe, Australia and Canada. Namaste's product offering includes vaporizers, glassware and accessories. CannMart Inc. (a wholly owned subsidiary of the Company) is pursuing a new revenue vertical in the online retail of medical cannabis in the Canadian market. CannMart Inc. is a Canadian-based "sales-only" licensed entity. Namaste has developed and acquired innovative technology platforms including NamasteMD.com, and in May 2018, the Company acquired a leading e-commerce Artificial Intelligence (AI) and machine learning company, Findify AB ("Findify"). Findify uses AI algorithms to optimise and personalise a consumer's on-site buying experience. Namaste is focused on leveraging its technology to enhance the user experience throughout its platforms. Namaste will continue to develop and acquire innovative technologies which will provide value to the Group and to its shareholders as well as to the broader cannabis market.

2. Basis of preparation

(a) Statement of compliance

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting, and should be read in conjunction with the Group's consolidated financial statements as at and for the fifteen months ended November 30, 2018 ("last annual financial statements"), which were prepared in accordance with International Financial Reporting Standards ("IFRS"). They do not include all of the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to understanding of the changes in Group's financial position and performance since the last annual financial statements.

These interim condensed consolidated financial statements were approved and authorised by the Board of Directors of the Company on July 18, 2019.

(b) Basis of measurement

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

(c) Functional and presentation currency

The interim condensed consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency. All amounts have been rounded to the nearest dollar, unless otherwise indicated.

The functional currencies of the Company's directly and indirectly owned subsidiaries are as follows:

Entity	Percentage holding	Country of incorporation	Functional currency
Namaste Technologies Holdings Inc.	100	Canada	United States dollar
Namaste Bahamas Inc.	100	Bahamas	United States dollar
Namaste MD Inc.	100	Canada	Canadian dollar
Australian Vaporizers Pty Ltd.	100	Australia	Australian dollar
CannMart Inc.	100	Canada	Canadian dollar
Findify AB	100	Sweden	Swedish krona
CannMart Labs Inc.	51	Canada	Canadian dollar

(d) Basis of consolidation

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of the subsidiaries are included in the interim condensed consolidated financial statements from the date on which control commences until the date on which control ceases. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those adopted by the Group.

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

The preparation of these interim condensed consolidated 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 interim condensed consolidated 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 interim condensed consolidated 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 judgments and significant estimates in applying accounting policies that have the most significant effect on the amounts recognised in the interim condensed consolidated financial statements are outlined in note 2 (e) of the last annual financial statements. There have been no significant changes in the Group's judgments and estimates applied during the three and six months ended May 31, 2019 relative to those described in the last annual financial statements, except for new significant judgment and key source of estimation uncertainty related to the application of IAS 28, which is described in note 3 (a).

3. Summary of significant accounting polices

Except as described below, there have been no material changes in the Group's significant accounting policies during the three and six months ended May 31, 2019, as compared to the significant accounting policies described in the last annual financial statements.

(a) Investment in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries.

The Group's investments in its associates are accounted for using the equity method. Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately. The consolidated statement of operations reflects the Group's share of the results of operations of the associates and a gain on bargain purchase, if applicable.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the statement of operations and represents profit or loss after tax and a gain on bargain purchase, if applicable.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associates. At each reporting date, the Group determines whether there is objective evidence that the investments in the associates is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss as 'Share of profit or loss of the associates' in the consolidated statement of operations.

Upon loss of significant influence over the associate, the Group measures and recognises any retained interest at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained interest and proceeds from disposal is recognised in the consolidated statement of operations.

(b) New accounting standards effective fiscal year 2019

The Group has adopted the following new standards, effective December 1, 2018.

(i) IFRS 9

IFRS 9, Financial Instruments was issued in July 2014 and includes (i) a third measurement category for financial assets - fair value through other comprehensive income; (ii) a single, forward-looking "expected loss" impairment model; and (iii) a mandatory effective date of annual periods beginning on or after January 1, 2018. On adoption of this standard, there was no accounting impact to the financial statements and there were no changes in the carrying values of any of the Group's financial instruments.

Recognition

The Group recognised a financial asset and financial liability when it becomes party to the contractual provisions of the financial instrument, except for trade receivables which are initially recognised when they are originated. Financial assets are initially measured at fair value and are derecognised either when the Group has transferred substantially all the risks and rewards of ownership of the financial asset, or when cash flows expire. Financial liabilities are initially measured at fair value and are derecognised when the obligation specified in the contract is discharged, cancelled or expired.

Classification and measurement

The Group determines the classification of its financial instruments at initial recognition. Financial assets and financial liabilities are classified accordingly to the following measurement categories:

- those to be measured subsequently at fair value, either through profit or loss ("FVTPL") or through other comprehensive income ("FVOCI"); and
- those to be measured subsequently at amortised cost.

The classification and measurement of financial assets after initial recognition at fair value depends on the business model for managing the financial asset and the contractual terms of the cash flows. Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding, are generally measured at amortised cost at each subsequent reporting period. All other financial assets are measured at their fair values at each subsequent reporting period, with any changes recorded through profit or loss or through other comprehensive income (which designation is made as an irrevocable election at the time of recognition).

(Expressed in Canadian dollars, except for share and per share amounts, unless otherwise noted)

Transaction costs that are directly attributable to the acquisition or issuance of a financial asset or financial liability classified as subsequently measured at amortised cost are included in the fair value of the instrument on initial recognition. Transaction costs for financial assets and financial liabilities classified at fair value through profit or loss are expensed in profit or loss.

On the date of initial application, December 1, 2018, the financial instruments of the group were as follows, with the following changes to the measurement category:

	------------Measurement category------	
	Original (IAS 39)	Revised (IFRS 9)
Financial assets:		
Cash and cash equivalents	Amortised cost	Amortised cost
Accounts receivable	Amortised cost	Amortised cost
Equity investments	AFS investments	FVOCI
Derivatives	FVTPL	FVTPL
Long-term deposits	Amortised cost	Amortised cost
Financial liabilities:		
Accounts payable and accrued liabilities	Amortised cost	Amortised cost
Loans payable	Amortised cost	Amortised cost

Impairment

The Group uses the "expected credit loss" model for calculating impairment and recognises expected credit losses as a loss allowance in the consolidated statement of financial position if they relate to a financial asset measured at amortised cost. The Group's accounts receivable are typically short-term receivables and do not have a significant financing component. Therefore, the Group recognises impairment and measures expected credit losses as lifetime expected credit losses. The carrying amount of these assets in the consolidated statement of financial position is stated net of loss allowance, if any.

(ii) IFRS 15

In 2014, the IASB issued IFRS 15, Revenue from Contracts with Customers ("IFRS 15"), replacing IAS 18, Revenue; IAS 11, Construction Contracts; and related interpretations. The new standard provides a comprehensive framework for the recognition, measurement and disclosure of revenue from contracts with customers, excluding contracts within the scope of the accounting standards on leases, insurance contracts and financial instruments. IFRS 15 is effective for annual periods beginning on or after January 1, 2018.

On December 1, 2018, the Group adopted the requirements of IFRS 15 retrospectively using the cumulative effect method. The adoption of IFRS 15 did not require any changes to the Group's revenue recognition approach and did not result in any measurement adjustments. As a result, there were no changes required to these interim condensed consolidated financial statements.

The Group generates revenue from the sale of goods. IFRS 15 did not have an impact on the Group's accounting policies for revenue recognition, as under both IFRS 15 and IAS 18, the Group recognizes revenue at a point in time, which is upon delivery of goods, as it meets the criteria to satisfy the performance obligation. The Group records deferred revenues until the delivery, as customers pay in advance. These deferred revenues are recognized within a short period of time as the goods are paid by customer shortly before delivery.

Having completed the five-step analysis, the Group identified contracts with customers and performance obligations therein, determined transaction price and its allocation to performance obligation and confirmed the appropriateness of its revenue recognition policy being at a point in time as it is the moment the Group transfers control over the product to the customers.

(c) Update on accounting standards issued but not yet effective

In January 2016, the IASB issued IFRS 16, Leases ("IFRS 16"), replacing IAS 17, Leases and related interpretations. The standard provides a new framework for lessee accounting that requires substantially all assets obtained through operating leases to be capitalised and a related liability to be recorded. The new standard seeks to provide a more accurate picture of a company's leased assets and related liabilities and create greater comparability between companies who lease assets and those who purchase assets. IFRS 16 becomes effective for annual periods beginning on or after January 1, 2019, and is to be applied retrospectively. The Group is currently assessing the impact of the new standard on its interim condensed consolidated financial statements.

Other amended standards and interpretations, including Foreign Currency Transactions and Advance Consideration ("IFRIC 22"), Uncertainty Over Income Tax Treatments ("IFRIC 23") and amendments to IFRS 2 Share-Based Payment, are not expected to have significant impact on the Group's interim condensed consolidated financial statements.

4. Operating segments

(a) Segmented information

The operating segments of the Group are known as Namaste Bahamas & Dollinger US (together referred to as the "Namaste Vapes"), Australian Vaporizers, CannMart Inc. and CannMart Labs Inc. (together referred to as the "CannMart"), Namaste MD, Findify and Corporate & Other. In determining the operating segments, management considered the product mix as well as the geographical segments that the business units sell under. The chief operating decision maker monitors these segments separately throughout the year.

(Expressed in Canadian dollars, except for share and per share amounts, unless otherwise noted)

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

Disclosure by segment for the three months ended May 31, 2019 and May 31, 2018 were as follows:

		Namaste Vapes	Australian Vaporizers	CannMart	Namaste MD	Findify	Corporate & other	Total
2019:								
Revenue								
Net segment revenue	$	2,397,762	1,097,296	148,613	96,894	267,753	-	4,008,318
Intersegment revenue		-	-	-	(14,086)	-	-	(14,086)
External revenue		2,397,762	1,097,296	148,613	82,808	267,753	-	3,994,232
Depreciation and amortisation		(16,253)	(237,904)	(74,621)	(93,272)	(80,181)	(6,111)	(508,342)
Income tax recovery (expense)		-	64,766	-	-	18,418	(10,705)	72,479
Net loss		(2,023,480)	(152,669)	(754,317)	(562,840)	(207,304)	(4,932,161)	(8,632,771)
2018:								
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 amortisation		(14,638)	(234,560)	(73,497)	-	(64,016)	(387)	(387,098)
Income tax 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)

Disclosure by segment as at May 31, 2019 and November 30, 2018, and for the six months ended May 31, 2019 and May 31, 2018 were as follows:

		Namaste Vapes	Australian Vaporizers	CannMart	Namaste MD	Findify	Corporate & other	Total
2019:								
Revenue								
Net segment revenue	$	5,437,487	2,155,097	293,665	200,760	533,489	-	8,620,498
Intersegment revenue		-	-	-	(32,809)	-	-	(32,809)
External revenue		5,437,487	2,155,097	293,665	167,951	533,489	-	8,587,689
Depreciation and amortisation		(26,574)	(470,491)	(148,233)	(360,853)	(157,131)	(11,272)	(1,174,554)
Income tax recovery (expense)		-	124,409	-	-	44,422	(3,059)	165,772
Net loss		(4,289,986)	(292,943)	(1,458,042)	(1,046,836)	(314,730)	(11,508,270)	(18,910,807)
Total assets		16,271,117	9,876,119	7,805,941	975,731	2,231,867	67,670,607	104,831,382
Total liabilities		1,120,994	712,677	243,063	317,463	495,069	2,685,251	5,574,517

(Expressed in Canadian dollars, except for share and per share amounts, unless otherwise noted)

		Namaste Vapes	Australian Vaporizers	CannMart	Namaste MD	Findify	Corporate & other	Total
2018:								
Revenue								
Net segment revenue	$	7,188,270	2,302,375	209,865	17,457	20,980	-	9,738,947
Intersegment revenue		(42,896)	-	-	-	-	-	(42,896)
External revenue		7,145,374	2,302,375	209,865	17,457	20,980	-	9,696,051
Depreciation and amortisation		(21,901)	(472,172)	(77,011)	-	(64,016)	(387)	(635,487)
Income tax recovery		-	98,934	-	-		58,137	157,071
Net loss		(2,050,498)	(263,737)	(802,345)	(240,347)	(70,337)	(8,012,554)	(11,439,818)
Total assets		19,454,901	9,598,520	7,160,503	1,084,958	2,353,144	77,337,933	116,989,959
Total liabilities		2,492,306	611,394	1,118,093	399,475	503,458	2,257,871	7,382,597

(b) Geographical information

The Group markets its products and services globally. Revenue is attributed to countries based on the location of customers:

		Three months ended May 31, 2019	2018	Six months ended May 31, 2019	2018
Australia	$	1,169,892	1,291,727	2,257,399	2,526,156
United Kingdom		1,125,797	1,168,003	2,199,528	2,514,196
Canada		760,560	566,781	1,486,955	1,245,596
Germany		221,994	204,250	464,018	492,128
United States of America		150,034	5,075	291,843	1,145,292
France		99,812	12,275	242,823	46,594
Ireland		91,996	88,133	233,794	182,293
New Zealand		28,888	85,919	148,512	157,633
Brazil		9,894	384,467	638,401	765,346
Other		335,365	255,591	624,416	620,817
	$	3,994,232	4,062,221	8,587,689	9,696,051

(c) Customer information

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

(Expressed in Canadian dollars, except for share and per share amounts, unless otherwise noted)

5. Accounts receivable

Accounts receivable as at May 31, 2019 and November 30, 2018 were as follows:

		2019	2018
Accounts receivable	$	1,108,736	803,035
Sales tax receivable		1,379,250	824,746
Loans receivable		650,000	-
	$	3,137,986	1,627,781

6. Inventories

Inventories as at May 31, 2019 and November 30, 2018 were as follows:

		2019	2018
Hardware	$	3,729,454	4,961,935
Cannabis		1,306,611	899,567
Total inventories, gross		5,036,065	5,861,502
Provision for inventories - hardware		(95,367)	(93,773)
Total inventories, net	$	4,940,698	5,767,729

The cost of inventories recognised as an expense and included in cost of goods sold for the three and six months ended May 31, 2019 was $2,559,112 and $5,511,230, respectively (2018: $1,922,588 and $5,599,360, respectively). There was no inventory write-down during the three and six months ended May 31, 2019 (2018: $nil and $181,025). During three and six months ended May 31, 2018 the reversal of write-down of inventories resulted from the sale of those items was $558,328.

7. Investments in associates

(a) Cost of the investments in associates comprised as follows:

		Pineapple	Choklat
Transfer from equity investments (i)	$	906,199	-
Common shares (i)		3,210,488	-
Cash (ii)		-	1,500,000
Stock options (ii)		-	250,000
	$	4,116,687	1,750,000

(i) The Company signed a subscription agreement with Pineapple Express Delivery Inc. (“Pineapple”) on June 12, 2018 to invest an aggregate purchase price of $1,000,000 to acquire

(Expressed in Canadian dollars, except for share and per share amounts, unless otherwise noted)

15% equity interest in Pineapple comprising of $850,000 in cash and $150,000 in shares of the Company. The total value transferred from equity investments represented the cash portion including an amount of $355,310 paid during the three months ended February 28, 2019. For the remaining investment, 99,661 shares of the Company were issued for an aggregate value of $150,488 during the three months ended May 31, 2019.

Effective March 13, 2019, pursuant to another subscription agreement, the Company's equity interest in Pineapple increased from 15% to 49% and Pineapple became an associate from that date. The equity interest was acquired when the Company issued 2,487,805 common shares valued at $3,060,000 based on the market price of the shares on the date of issuance. Pineapple is a private entity involved in delivery of medical and recreational cannabis across Canada.

(ii) Effective March 8, 2019, the Company acquired 49% of the issued and outstanding shares of Choklat Inc. ("Choklat") for a purchase consideration of $1,750,000, comprising of $1,500,000 in cash and issuance of stock options having a fair value of $250,000 based on the Black Scholes Model. Choklat is a private entity which is involved in manufacture and distribution of chocolate in Canada.

(b) On acquisition date, the difference between the cost of the investments and the Company's share of the net fair value of the investee's identifiable assets and liabilities comprised as follows:

		Pineapple	Choklat
Cost of investments in associates	$	4,116,687	1,750,000
Company's share of net fair value of the investee's identifiable assets and liabilities		354,543	2,175,376
Goodwill (gain on bargain purchase)	$	3,762,144	(425,376)

(c) The following tables illustrate the summarised financial information of the investees from the relevant acquisition date to May 31, 2019:

		Pineapple	Choklat
Current assets	$	320,609	745,750
Non-current assets		254,160	3,450,306
Current liabilities		(630,627)	(43,381)
Non-current liabilities		-	-
Net assets	$	(55,858)	4,152,675
Company's share in equity (49%)		(27,370)	2,034,811
Goodwill		3,762,144	-
Company's carrying amount of the investment		3,734,774	2,034,811

(Expressed in Canadian dollars, except for share and per share amounts, unless otherwise noted)

		Pineapple	Choklat
Revenue	$	61,922	88,871
Loss from continuing operations		779,414	286,867

(d) The following is the reconciliation of the cost of investments to carrying amount as at May 31, 2019:

		Pineapple	Choklat	Total
Cost	$	4,116,687	1,750,000	5,866,687
Gain on bargain purchase		-	425,376	425,376
Company's share of loss		(381,913)	(140,565)	(522,478)
Total share of (loss) gain of the associates		(381,913)	284,811	(97,102)
Company's carrying amount of the investment	$	3,734,774	2,034,811	5,769,585

8. Other investments

Other investments as at May 31, 2019 and November 30, 2018 were as follows:

		2019	2018
Equity investments (a)	$	3,097,915	3,671,889
Derivatives (b)		83,512	80,700
	$	3,181,427	3,752,589

(a) Details of equity investments as at May 31, 2019 and November 30, 2018 were as follows:

	Number of shares acquired	Cost	Fair value	Unrealised (gain) loss - gross
		$	$	$
2019				
Atlas Biotechnologies	200,000	200,000	1,200,000	(1,000,000)
Cannbit Pharmaceutical Ltd. (i)	404,933	464,715	1,191,110	(726,395)
Inolife R&D Inc.	2,000,000	200,000	200,000	-
Kief Cannabis Company Ltd.	46,729	250,000	250,000	-
Lovelabs.com	8,243	32,220	32,220	-
RMMI Corp.	100,000	250,000	96,000	154,000
The Green Organic Dutchman Holdings	26,021	94,982	91,334	3,648
YPB Group	3,800,000	130,000	37,251	92,749
		1,621,917	3,097,915	(1,475,998)

(Expressed in Canadian dollars, except for share and per share amounts, unless otherwise noted)

	Number of shares acquired	Cost	Fair value	Unrealised (gain) loss - gross
2018				
Atlas Biotechnologies	200,000	200,000	1,200,000	(1,000,000)
Cannbit Pharmaceutical Ltd.	404,933	464,715	1,156,869	(692,154)
Inolife R&D Inc.	2,000,000	200,000	200,000	-
Kief Cannabis Company Ltd.	46,729	250,000	250,000	-
Lovelabs.com	8,243	32,220	32,220	-
Pineapple Express Delivery Inc.	944	550,889	550,889	-
RMMI Corp.	100,000	250,000	130,000	120,000
The Green Organic Dutchman Holdings	26,021	94,982	85,870	9,112
YPB Group	3,800,000	130,000	66,041	63,959
		2,172,806	3,671,889	(1,499,083)

(i) The Company signed a subscription agreement with Cannbit Pharmaceutical Ltd. (“Cannbit”) on June 13, 2018 to purchase 779 shares of Cannbit for an aggregate purchase price of NIS2,500,000. As of May 31, 2019, the Company has purchased 389 shares for a cash consideration of $464,715 (NIS1,250,000) and has a commitment to buy the remaining 390 shares, by issuing shares of the Company, for an amount equivalent to NIS1,250,000 in the future, subject to terms and conditions of the subscription agreement. During November 2018, Cannbit merged with a public company and as a result of share split, the Company now owns 404,933 shares in the new company.

(b) Details of derivatives as at May 31, 2019 and November 30, 2018 were as follows:

	Number of options	Number of warrants	Fair value
2019			$
BlissCo Cannabis Corp.	210,000	-	6,090
The Green Organic Dutchman Holdings	-	34,347	76,422
YPB Group	3,800,000	-	-
Inolife R&D Inc.	-	1,000,000	1,000
			83,512
2018			$
BlissCo Cannabis Corp.	210,000	-	1,050
The Green Organic Dutchman Holdings	-	34,347	78,650
YPB Group	3,800,000	-	-
Inolife R&D Inc.	-	1,000,000	1,000
			80,700

(Expressed in Canadian dollars, except for share and per share amounts, unless otherwise noted)

(c) Following is the summary of various valuation techniques and the underlying key/significant observable/unobservable inputs used to determine the fair value of the investments:

Type of investment	Fair value determination
Equity investments - level 1	Quoted price in active market.
Equity investments - level 2	Fair value is determined based on per share value in the most recent financing transaction publicly available.
Equity investments - level 3	Management has evaluated if any transactions or events would impact the cost and concluded that the cost approximates fair value at the reporting date.
Derivatives	Options and warrants are valued using Black-Scholes option pricing model. Quoted price of underlying share in active market is used as key input. Where underlying share price in active market was not available, management considered the fair value of those options/warrants as nominal.

(d) Following is the movement schedule of derivatives and equity investments for the three months ended May 31, 2019:

		Equity investments	Derivatives
Balance at February 28, 2019	$	4,084,904	105,064
Unrealised loss on changes in fair value		(80,790)	(21,552)
Transfer to investments in associates (note 7 (a))		(906,199)	-
Balance at May 31, 2019	$	3,097,915	83,512

Following is the movement schedule of derivatives and equity investments for the six months ended May 31, 2019:

		Equity investments	Derivatives
Balance at November 30, 2018	$	3,671,889	80,700
Purchases (note 7 (a))		355,310	-
Unrealised (loss) gain on changes in fair value		(23,085)	2,812
Transfer to investments in associates (note 7 (a))		(906,199)	-
Balance at May 31, 2019	$	3,097,915	83,512

(Expressed in Canadian dollars, except for share and per share amounts, unless otherwise noted)

9. Property and equipment

During the six months ended May 31, 2019, the Group acquired assets with a cost of $122,269 (2018: $1,032,347). There were no disposals or transfers during the six months ended May 31, 2019 (2018: $nil). Depreciation expense on property and equipment for the six months ended May 31, 2019 has been recognised as part of selling, general and administration expenses in the interim condensed consolidated statement of operations in the amount of $186,045 (2018: $102,349).

10. Intangible assets

		Intellectual properties	License	Customer list	Brand names	Computer software & domains	Total
Cost:							
Balance at November 30, 2017		-	3,543,650	2,810,117	331,313	-	6,685,080
Additions from acquisitions		11,683,000	-	439,000	-	-	12,122,000
Additions		-	219,236	-	-	-	219,236
Balance at May 31, 2018	$	11,683,000	3,762,886	3,249,117	331,313	-	19,026,316
Balance at November 30, 2018		2,226,800	3,626,833	2,992,217	331,313	2,073,054	11,250,217
Additions		-	16,875	50,800	-	1,488,030	1,555,705
Translation adjustment		-	-	-	-	19,667	19,667
Balance at May 31, 2019	$	2,226,800	3,643,708	3,043,017	331,313	3,580,751	12,825,589
Accumulated amortisation:							
Balance at November 30, 2017		-	-	664,590	-	-	664,590
Amortisation		64,016	-	469,122	-	-	533,138
Balance at May 31, 2018	$	64,016	-	1,133,712	-	-	1,197,728
Balance at November 30, 2018		172,312	-	1,604,012	-	251,363	2,027,687
Amortisation		157,132	-	504,590	-	326,787	988,509
Translation adjustment		-	-	-	-	2,900	2,900
Balance at May 31, 2019	$	329,444	-	2,108,602	-	581,050	3,019,096
Carrying amount:							
Balance at November 30, 2018	$	2,054,488	3,626,833	1,388,205	331,313	1,821,691	9,222,530
Balance at May 31, 2019	$	1,897,356	3,643,708	934,415	331,313	2,999,701	9,806,493

Intellectual properties, customer lists and computer software and domains are considered definite life intangible assets and are amortised over their useful lives. Amortisation expense on definite life intangible assets for the three and six months ended May 31, 2019 has been recognised as part of selling, general and administration expenses in the interim condensed consolidated statement of operations in the amount of $411,215 and $988,509, respectively (2018: $298,576 and $533,138). No impairment losses were recognised on intangible assets for the three and six months ended May 31, 2019 and May 31, 2018.

(Expressed in Canadian dollars, except for share and per share amounts, unless otherwise noted)

11. Goodwill

During the three months ended May 31, 2019, management has completed the goodwill allocation for the acquisition of Findify, which resulted in reallocation of $538,571 from Namaste Vapes to Australia Vaporizers operating segment. As at May 31, 2019 the carrying amount of goodwill was allocated to the operating segments, Namaste Vapes and Australian Vaporizers, in the amount of $8,613,763 and $6,667,091, respectively.

During the three and six months ended May 31, 2019, there were no indications that the cash-generating units may be impaired, as such there was no change in the carrying amount of goodwill.

12. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities as at May 31, 2019 and November 30, 2018 were as follows:

		2019	2018
Accounts payable	$	2,367,740	2,827,346
Accrued liabilities		2,254,517	3,680,767
	$	4,622,257	6,508,113

13. Share capital

(a) Authorised share capital

The Company is authorised to issue an unlimited number of common shares with no par value. As at May 31, 2019 the Company had 321,742,483 common shares issued and outstanding.

(b) Shares buyback

On July 18, 2018, the Company commenced 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 at the time. The NCIB will remain in place for a 12-month period ending July 17, 2019. During the six months ended May 31, 2019, the Company has completed a buyback of 460,900 shares at an average price of $1.11 per share.

(c) Issuance of shares

For the six months ended May 31, 2019, the Company issued 10,634,375 common shares on exercise of various warrants and options for total gross cash proceeds of $3,724,747.

(Expressed in Canadian dollars, except for share and per share amounts, unless otherwise noted)

(d) Share purchase warrants

The following is a summary of the changes in the Company's share purchase warrants for the six months ended May 31:

	2019		2018	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
		$		$
Outstanding, beginning of period	40,495,658	2.44	45,951,703	0.30
Granted	-	-	18,636,418	2.83
Exercised	(9,910,000)	0.35	(32,605,570)	0.29
Forfeited	(360,000)	0.35	-	-
Outstanding, end of period	30,225,658	3.15	31,982,551	1.78

For six months ended May 31, 2019, share purchase warrants exercised were the result of acceleration notice given by the Company for warrants issued as part of the non-brokered private placement in October 31, 2017.

The assumptions used for the calculation of the fair value of the warrants for the six months ended May 31 were as follows:

	2019	2018
Risk free rate	1.46%	0.55% - 1.80%
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.

(e) Stock options

The Company has established a stock option plan (the "Plan") for directors, officers and employees. Under the Plan, the exercise price of each option is determined by the Board. 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.

(Expressed in Canadian dollars, except for share and per share amounts, unless otherwise noted)

The following is a summary of the movement in the Plan for the six months ended May 31:

	2019		2018	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		$		$
Outstanding, beginning of period	20,351,750	1.47	14,765,000	0.20
Granted	860,000	0.95	8,490,000	2.03
Exercised	(724,375)	0.35	(5,748,538)	0.26
Forfeited	(3,898,375)	1.67	-	-
Outstanding, end of period	16,589,000	1.45	17,506,462	1.07

For the six months ended May 31, 2019, the Company recognised share-based compensation expense of $2,582,209 (2018: $5,856,116).

For the six months ended May 31, 2019, the weighted average share price of options exercised was $0.92 (2018: $2.63).

The following table summarises information regarding stock options outstanding by exercise price as at May 31, 2019:

	Number of options outstanding	Weighted average remaining contractual life in years	Weighted average exercise price
			$
$0.01 - $1.00	4,261,875	0.79	0.27
$1.01 - $2.00	9,541,875	2.37	1.46
$2.01 - $4.00	2,785,250	0.61	3.05
	16,589,000	1.67	1.42

The following table summarises information regarding exercisable stock options outstanding as at May 31, 2019:

Exercise price range	Number of options outstanding	Weighted average remaining contractual life in years	Weighted average exercise price
			$
$0.01 - $1.00	3,615,000	2.89	0.29
$1.01 - $2.00	4,442,500	4.03	1.50
$2.01 - $4.00	1,741,125	3.42	3.06
	9,798,625	3.50	1.33

(Expressed in Canadian dollars, except for share and per share amounts, unless otherwise noted)

The assumptions used for the calculation of the fair value of the options for the six months ended May 31 were as follows:

	2019	2018
Risk free rate	0.72% - 2.01%	0.55% - 2.10%
Expected life	2 - 5 years	2 - 5 years
Expected volatility	83% - 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.

14. Selling, general and administration expenses

Selling, general and administration expenses for the three and six months ended May 31, 2019 and May 31, 2018 were as follows:

	Three months ended May 31,		Six months ended May 31,	
	2019	2018	2019	2018
Share-based compensation	$ 1,178,673	3,992,016	2,582,209	5,856,116
Advertising and promotion	983,161	1,169,211	2,401,937	1,920,002
General and administration	868,703	1,197,503	2,267,057	1,725,580
Consulting fees	957,181	828,001	2,193,673	1,800,608
Professional fees	2,955,222	447,175	6,470,426	873,532
Salaries	2,036,773	406,012	3,653,931	721,185
Depreciation and amortisation	508,342	387,098	1,174,554	635,487
Bank and merchant fees	199,653	231,179	532,570	528,821
Investor relations	105,000	223,589	299,093	284,771
Acquisition costs	-	370,010	-	370,010
	$ 9,792,708	9,251,794	21,575,450	14,716,112

15. Financial instruments and associated risks

(a) Fair value

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

(Expressed in Canadian dollars, except for share and per share amounts, unless otherwise noted)

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

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

Following is the summary of the financial instruments as at May 31, 2019 and November 30, 2018:

		Financial assets at FVOCI	Financial assets at amortised cost	Financial assets at FVTPL	Financial liabilities at amortised cost	Total
2019						
Financial assets						
Cash and cash equivalents	$	-	55,880,981	-	-	55,880,981
Accounts receivable		-	3,137,986	-	-	3,137,986
Other investments		3,097,915	-	83,512	-	3,181,427
Long-term deposits and other assets		-	1,202,182	-	-	1,202,182
	$	3,097,915	60,221,149	83,512	-	63,402,576
Financial liabilities						
Accounts payable and accrued liabilities	$	-	-	-	(4,622,257)	(4,622,257)
Loans payable		-	-	-	(29,731)	(29,731)
	$	-	-	-	(4,651,988)	(4,651,988)
2018						
Financial assets						
Cash and cash equivalents	$	-	78,210,706	-	-	78,210,706
Accounts receivable		-	1,627,781	-	-	1,627,781
Other investments		3,671,889	-	80,700	-	3,752,589
Long-term deposits and other assets		-	15,826	-	-	15,826
	$	3,671,889	79,854,313	80,700	-	83,606,902
Financial liabilities						
Accounts payable and accrued liabilities	$	-	-	-	(6,508,113)	(6,508,113)
Loans payable		-	-	-	(40,439)	(40,439)
	$	-	-	-	(6,548,552)	(6,548,552)

The carrying values of financial instruments and fair value amounts of all the Group's financial instruments approximate their fair values as at May 31, 2019.

(Expressed in Canadian dollars, except for share and per share amounts, unless otherwise noted)

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

		Level 1	Level 2	Level 3	Total
Equity investments	$	1,415,695	1,200,000	482,220	3,097,915
Derivatives		-	82,512	1,000	83,512
	$	1,415,695	1,282,512	483,220	3,181,427

During the three and six months ended May 31, 2019 and May 31, 2018, there were no transfer between the levels of the fair value hierarchy.

(b) Risk management

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

(i) Market risk

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

a. Currency risk

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

A five percentage point change in the foreign currencies against functional currencies, assuming that all other variables are constant, would have changed net loss and equity by $180,724 (2018: $115,343) as a result of the revaluation on foreign currency denominated financial assets and liabilities.

b. Interest rate risk

Interest rate risk refers to the risk of loss due to adverse movements in interest rates. Interest rate risk consists of a) the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, and b) to the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities. The Group does not have significant exposure to interest rate risk.

c. *Other price risk*

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

If the fair value of these financial assets were to increase or decrease by 5%, net loss would have changed by $4,176 and accumulated other comprehensive income would have changed by $154,896 (2018: $4,035 and $183,594).

(ii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from cash and cash equivalents, accounts receivable, deposits and other assets. The Group has no significant concentration of credit risk arising from operations. Cash and cash equivalents consist of cash deposited with reputable financial institutions which are 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 Group. Deposits and other assets are held with reputable financial institutions and business partners which are closely monitored by management. The carrying amount of financial assets represents the maximum credit exposure.

(iii) Liquidity risk

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

(Expressed in Canadian dollars, except for share and per share amounts, unless otherwise noted)

The following are the remaining contractual maturities of financial liabilities as at May 31, 2019 and November 30, 2018:

		Carrying value	less than 3 months	4 - 6 months	7 - 12 months	Over 12 months
2019:						
Accounts payable and accrued liabilities	$	4,622,257	4,622,257	-	-	-
Loans payable		29,731	4,828	4,828	7,623	12,452
	$	4,651,988	4,627,085	4,828	7,623	12,452
2018:						
Accounts payable and accrued liabilities	$	6,508,113	6,508,113	-	-	-
Loans payable		40,439	4,957	4,957	9,914	20,611
	$	6,548,552	6,513,070	4,957	9,914	20,611

16. Additional disclosures for statement of cash flows

(a) Changes in non-cash working capital

Changes in non-cash working capital for the six months ended May 31, 2019 and 2018 were as follows:

		2019	2018
Increase in accounts receivables	$	(860,205)	(632,339)
Decrease in inventories		827,031	439,101
Increase in prepaid expenses, other assets and long-term deposits		(3,871,442)	(1,445,036)
(Increase) decrease in income tax receivable		106,621	(23,802)
(Decrease) increase in accounts payable and accrued liabilities		(2,136,688)	645,945
Increase in deferred revenue		280,959	-
Changes in non-cash working capital	$	(5,653,724)	(1,016,131)

(b) Additional information

Additional information for the six months ended May 31, 2019 and 2018 were as follows:

		2019	2018
Income tax refunds received	$	76,084	-
Interest paid		(1,297)	-
Interest received		698,101	150,560

(Expressed in Canadian dollars, except for share and per share amounts, unless otherwise noted)

17. Related party balances and transactions

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

(a) Related party balances

Related party balances as at May 31, 2019 and as at November 30, 2018 were as follows:

		2019	2018
Accounts receivable (i)	$	-	18,173
Loans receivable (ii)		650,000	-
Accounts payable and accrued liabilities (i)		(29,819)	(305,968)

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

(ii) During the three months ended May 31, 2019, the Company granted two loans to its associate, Pineapple, to finance the working capital and other general operating or corporate requirements. The loans are unsecured and are repayable in full within twelve months after the issue date. Interest is charged at 12% per annum.

(b) Related party transactions

Related party transactions for the three months and six period ended May 31, 2019 and May 31 2018, respectively, were as follows:

		Three months ended May 31,		Six months ended May 31	
		2019	2018	2019	2018
Stock options	$	-	7,200,726	-	7,370,726
Payment processing services (i)		-	-	14,028	77,231
Consulting fees (ii)		-	117,604	47,775	161,542
Technology and IT support services (iii)		121,078	534,899	784,534	624,129
Marketing services (iv)		726,290	527,896	2,118,996	950,172
Technology support income (v)		-	-	(14,690)	-
Key management personnel compensation (vi)		1,333,521	541,639	1,691,643	1,010,039

(i) Up to February 3, 2019, the Company utilized payment processing services from Dollinger Enterprises Europe Ltd., a company controlled by the former Chief Executive Officer. The amount outstanding against these services as at May 31, 2019 was $nil (2018: $14,138).

(Expressed in Canadian dollars, except for share and per share amounts, unless otherwise noted)

(ii) The Company received e-commerce support services from the consulting companies controlled by a former Board Member of the Company. The amount outstanding against these services as at May 31, 2019 was $nil (2018: $nil).

(iii) The Company outsourced substantially all of its technology and IT support services to an entity controlled by a member of key management personnel. The amount outstanding against these services as at May 31, 2019 was $29,819 (2018: $nil).

(iv) The Company outsourced substantially all of its marketing and related services to an entity that is controlled by a member of key management personnel. There was no outstanding balance against these services as at May 31, 2019 (2018: $25,810).

(v) The Company received technology support income from an entity, the Company believes is related by virtue of the influence of a former Board Member over the entity under applicable accounting standards. The amount outstanding against these services as at May 31, 2019 was $nil (2018: $14,910).

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

18. Commitments and contingencies

(a) Operating lease commitments

The Group's commitments on future minimum lease payments under operating leases are as follows:

Less than one year	$	260,786
Between one and five years		478,706
	$	739,492

Rent expense for the three months ended May 31, 2019 was $218,912 (2018: $169,282). Rent expense for the six months ended May 31, 2019 was $387,634 (2018: $259,274)

(b) Purchase commitment

CannMart Inc. entered into a definitive supply agreement with 8528934 Canada Ltd. d/b/a 7ACRES ("the seller") dated January 24, 2018 under which it committed to purchase a minimum annual quantity of 1,000 kilograms of premium dried cannabis flower at $6 per gram within the calendar year 2018. The Company is currently disputing its obligations to the seller under the definitive supply agreement and the amount payable thereunder remains uncertain at this time.

(c) Contingencies

On October 6, 2018, a securities class action was filed in the United States District Court, Central District of California against the Company and certain officers of the Company alleging false or misleading statements in violation of U.S. federal securities laws relating to the Company's December 2017 sale of its US subsidiary Dollinger US and the Company's application for listing on the NASDAQ. The plaintiff voluntarily dismissed this lawsuit on December 26, 2018.

On October 19, 2018, a putative class action was filed in the Ontario Superior Court of Justice against the Company and certain officers of the Company alleging, among other things, that misrepresentations were made in connection with the divestiture of Dollinger US. A Fresh as Amended Statement of Claim issued on February 22, 2019 which, among other changes, expands the proposed class period. The Company intends to vigorously defend the allegations in the claim and will pursue all available legal remedies that it deems necessary.

On October 22, 2018, a second securities class action was filed in the United States District Court, Central District of California against the Company and certain officers of the Company alleging false or misleading statements in violation of U.S. federal securities laws relating to the Company's December 2017 sale of Dollinger US and the Company's application for listing on the NASDAQ. The plaintiff voluntarily dismissed this lawsuit on November 16, 2018, and refiled in the United States District Court, Southern District of New York. The Company intends to vigorously defend the allegations and will pursue all available legal remedies that it deems necessary.

As of the reporting date, there is an outstanding claim against the Company and one of its subsidiaries along with other individuals. This claim is for $90 million and is for breach of contract, or, in the alternative, for breach of duty of good faith, or, in the alternative, for damages, against the Company and its subsidiary. The Company believes the claim is without merit and intends to vigorously defend the allegations and will pursue all available legal remedies that it deems necessary.