

**FORM 51-102F3  
MATERIAL CHANGE REPORT**

**Item 1 Name and Address of Company**

Namaste Technologies Inc.  
100 King Street West, Suite 1600  
Toronto, Ontario M5X 1G5  
(the “Company” or “Namaste”)

**Item 2 Date of Material Change**

November 18, 2020.

**Item 3 News Release**

A press release with respect to the material change was disseminated via Newswire on November 18, 2020 and was subsequently filed on SEDAR.

**Item 4 Summary of Material Change**

The Company announced that it had entered into an agreement to acquire a 49% interest in CannMart Labs Inc. (“CannMart Labs”), an applicant for a processing license under the *Cannabis Act* (Canada), thereby acquiring 100% ownership.

**Item 5 Full Description of Material Change**

**5.1 Full Description of Material Change**

The Company announced that it had entered into a share purchase agreement (the “Share Purchase Agreement”) to acquiring the remaining 49% interest in CannMart Labs (the “Proposed Transaction”). In May 2018, the Company acquired a 51% interest in CannMart Labs and agreed to finance the construction of its facility in Etobicoke, Ontario, a purpose-built oil extraction facility. Assuming CannMart Labs is granted a processing license by Health Canada, it is intended that CannMart Labs will produce branded Cannabis 2.0 products for Namaste’s medical channel customers and recreational consumers through Namaste’s network of provincial sales partners. A copy of the Share Purchase Agreement is available under the Company’s profile at [www.sedar.com](http://www.sedar.com).

Under the terms of the Proposed Transaction, Namaste will acquire the remaining 49% interest of CannMart Labs from MKD Holdings Inc. and JLLS Holdings Inc. (together, the “Vendors”) in exchange for a purchase price of \$4,034,000 (the “Purchase Price”). A first tranche of the Purchase Price of \$1,608,500 will be paid to the Vendors in common shares of Namaste issued at a deemed price equal to the seven day volume weighted average price of Namaste’s common shares on the TSX Venture Exchange (the “VWAP”) on the closing date of the Proposed Transaction. The remaining Purchase Price of \$2,425,500 is payable to the Vendors in equal tranches over the next nine fiscal quarters beginning on the fiscal quarter ending February 28, 2021. The remaining Purchase Price payments must be paid within five days of the end of the applicable fiscal

quarter and may be satisfied by the issuance of common shares issued at a deemed price equal to the VWAP. The Vendors are also entitled to earn-out payments in the form of Namaste common shares, on a sliding scale, upon the achievement of pre-determined revenue targets (the “Earn-Out Payments”) which are also payable over the next nine fiscal quarters beginning on the fiscal quarter ended February 28, 2021. The maximum amount of each Earn-Out Payment payable to the Vendors is capped at \$1,936,409 per quarter (or \$17,427,681 in aggregate). The Earn-Out Payments must be paid within 15 days of the date publication of Namaste’s financial statements for the relevant period and may be satisfied by the issuance of common shares issued at a deemed price equal to the VWAP. Namaste has the option of paying any of the Purchase Price and Earn-Out Payments (if any), in cash, subject to a five percent discount. Under the terms of the Share Purchase Agreement, the maximum number of common shares which may be issued to the Vendors is 64,466,942 (the “Maximum Share Number”) being 19.9% of Namaste’s current outstanding common shares. In the event Namaste wishes to issue common shares in excess of the Maximum Share Number in satisfaction of the Purchase Price or the Earn-Out Payments, Namaste would be required to seek further approvals from the TSX Venture Exchange.

Payment of the Earn-Out Payments and full Purchase Price may be accelerated in certain events described in the Share Purchase Agreement. In the event these payments are accelerated, any common shares issued to the Vendors will be subject to a voting trust and standstill agreement pursuant to which the Vendors will agree to vote such common shares in accordance with Namaste’s management recommendations and, in connection with the sale of any of such common shares, to abide by certain selling volume restrictions. Completion of the Proposed Transaction is subject to customary closing conditions, including approval of the TSX Venture Exchange.

MKD Holdings Inc., on the Vendors, is controlled by a director or an officer of CannMart Labs, which is currently a subsidiary of Namaste. Accordingly, MKD Holdings Inc. is considered a “related party” of Namaste under Multilateral Instrument 61-101- *Protection of Minority Securityholders in Special Transactions* (“MI 61-10”). The CannMart Labs’ shares legally owned by MKD Holdings Inc. are beneficially owned by the wife of such director or officer (the “Beneficial Owner”), who is not a “related party” of Namaste. Any Namaste common shares issued pursuant to the Proposed Transaction will be issued to the Beneficial Owner, who currently holds no securities of Namaste. Assuming the maximum number of common shares are issued pursuant to the Proposed Transaction, the Beneficial Owner would hold 32,233,471 common shares, or approximately 9.9% of the issued and outstanding common shares of Namaste as at the date hereof. The Proposed Transaction was reviewed and unanimously approved by Namaste’s board of directors, each of whom are independent of the Proposed Transaction. There was no formal valuation obtained for the Proposed Transaction and, to the knowledge of Namaste, no prior valuation of CannMart Labs has been prepared in the previous 24 months. The Company is relying on the exemptions in Sections 5.5(a) and 5.7(1)(a) of MI 61-101 to the requirements to obtain minority shareholder and a formal valuation. The current market capitalization of the Company is approximately \$75,500,000. The fair market value of the Proposed Transaction, in so far as it involves a “related party” and the consideration payable to the related party in connection therewith, is a maximum of \$10,730,840, being less than 25% of the Company’s market capitalization. The Company is filing this material change report (being less than 21 days before the anticipated closing of the Proposed Transaction) as the Share Purchase Agreement was executed on

November 17, 2020. A copy of this material change report will be sent, without charge, to any shareholder who requests.

## **5.2 Disclosure for Restructuring Transactions**

Not applicable.

### **Item 6 Reliance on subsection 7.1(2) of National Instrument 51-102**

Not applicable.

### **Item 7 Omitted Information**

No information has been omitted from this report on the basis that it is confidential information.

### **Item 8 Executive Officer**

For more information, please contact Alexander Liszka, General Counsel Telephone: (416) 998-5590

### **Item 9 Date of Report**

November 20, 2020.

#### Cautionary Statements Regarding Forward Looking Information

FORWARD-LOOKING INFORMATION – This material change report contains “forward-looking information” within the meaning of applicable securities laws. All statements contained herein that are not historical in nature contain forward-looking information. Forward-looking information can be identified by words or phrases such as “may”, “expect”, “likely”, “should”, “would”, “plan”, “anticipate”, “intend”, “potential”, “proposed”, “estimate”, “believe” or the negative of these terms, or other similar words, expressions and grammatical variations thereof, or statements that certain events or conditions “may” or “will” happen.

The forward-looking information contained herein, including, without limitation, statements related to completion of the Proposed Transaction, the issuance of a processing license by Health Canada to CannMart Labs and the production of cannabis products by CannMart Labs, is made as of the date of this press release and is based on assumptions management believed to be reasonable at the time such statements were made, including, without limitation, the granting of a processing license to CannMart Labs, management’s perceptions of its ability to successfully produce cannabis products at the CannMart Labs’ facility, integrate CannMart Labs’ products into its business and Namaste’s standing in the online marketplace for cannabis products, Namaste's beliefs regarding the quality of CannMart Labs’ management, the expected demand for Cannabis 2.0 products and the expected growth of that market, the Company’s ability to add to its product line, results of operations, operational matters, historical trends, current conditions and expected future developments, as well as other considerations that are believed to be appropriate in the circumstances. While Namaste considers these assumptions to be reasonable based on information currently available to management, there is no assurance that such expectations will prove to be correct. By its nature, forward-looking information is subject to inherent risks and uncertainties that may be general or specific and which give rise to the possibility that expectations, forecasts, predictions, projections or conclusions will not prove to be accurate, that assumptions may not be correct and that objectives, strategic goals and priorities will not be achieved. A variety of factors, including known and unknown risks, many of which are beyond our control, could cause actual results to differ materially from the forward-looking information in this press release. Such factors include, without limitation: regulatory risk, risks relating to the Company’s ability to execute its business strategy and the benefits realizable therefrom and risks specifically related to the Company’s operations. Additional risk factors can also be found in the Company’s current MD&A and annual information form, both of which have been filed under the Company’s SEDAR profile at [www.sedar.com](http://www.sedar.com). Readers are cautioned not to put undue reliance on forward-looking information. The Company undertakes no obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by applicable law. Forward-looking statements contained in this news release are expressly qualified by this cautionary statement.