

Namaste Technologies Inc

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Short-seller Andrew Left's Citron Research doubles down on Namaste Technologies, calls it a 'fraud'

Short-seller Andrew Left's Citron Research is doubling down on claims that cannabis e-commerce platform Namaste Technologies Inc (CVE:N, OTCQB:NXTTF) is a fraud.

Citron proves without a doubt the fraud being committed at Namaste Tech \$n \$nxttf. This \$700 mil company will be a 0 one regulators and accountants read. <https://t.co/c7c2uphNzM>

— Citron Research (@CitronResearch) October 4, 2018

In a research report, Citron said it had never seen such a blatant fraud being perpetrated and referred to Namaste's CEO Sean Dollinger as "a walking securities violation."

READ: Namaste Technologies CEO Sean Dollinger fires back after Andrew Left calls the stock a 'joke'

The report suggested that if Vancouver-based Namaste was a US company, its shares would be halted, and its CEO would face charges.

Nasdaq listing

Last month, Namaste confirmed its plans to uplist to the Nasdaq, citing its jump in sales and increase in share price.

The company reported revenue of \$1.65 million for the month of August, 50% higher than the year-ago period.

Citron's no-holds-barred report said the uplisting claim was fake and used for the sole purpose of luring investors into buying the stock, going on to say that the exchange would "laugh Dollinger out of the room given his seedy background and the company's opaque finances."

Namaste's share price as of Thursday afternoon was \$1.70, below the Nasdaq listing requirement of \$4 per share, but has reached a 52-week high of \$3.47.

Divesting its US assets

In November 2017, Namaste said that it reached a \$400,000 agreement with ESC Hughes Holdings Limited to sell its wholly-owned US subsidiary, Dollinger Enterprises US Inc.

The US asset operated two vaporizer websites that had yet to generate a profit.

The company **stated** that the uncertain climate of the US cannabis market had led to the decision to divest its US assets and focus on the legal cannabis markets.

The report includes a document that appears to show that Namaste executive David Hughes bought Dollinger Enterprises, not a European group as the company had stated.

Price: 0.5

Market Cap: \$161.88 m

1 Year Share Price Graph



January 2019 July 2019 January 2020

Share Information

Code: N

Listing: TSX-V

| 52 week | High | Low |
|---------|------|------|
| | 1.59 | 0.26 |

Sector: Cannabis

Websitewww.namastetechnologies.com

Company Synopsis:

With headquarters in Toronto, ON, and offices in both B. C. and around the globe, Namaste Technologies is a leading online platform for cannabis products, accessories, and responsible education. The company's 'everything cannabis store', CannMart.com, provides customers with a diverse selection of hand-picked products from a multitude of federally-licensed cultivators, all on one convenient site.

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"By selling our US arm, not only will we be selling it at fair market value, which will give our company positive cash flow for the next twelve months, but the removal of the division will allow us to become profitable by the summer of 2018," said Dollinger on the November 2017 **call**.

The report highlights Namaste's losses and accuses the company of paying money to undisclosed parties, pointing to what it calls "\$2.6 million in inexplicable consulting fees."

Valuation

The report points to Turning Point Brands Inc's (NYSE:TPB) recent acquisition of Vapor Group, a company with \$48 million in revenue and \$5 million in EBITDA, in \$24 million deal.

Citron claims that based on this transaction, even if Namaste was a legitimate company with break-even revenue, it would only be worth \$0.26 per share.

History

Left and Dollinger have sparred before following Citron Research's tweet about Namaste in September.

Namaste \$N Canada. Some cannabis stocks are overvalued, and some are total jokes. This is a joke Drop it like its hot' after the pledge party prohibits listing in US, downside: 80%. That .50

— Citron Research (@CitronResearch) September 14, 2018

"Tell [Left] he can come and hang out with me on the weekend, travel around the world," Dollinger told Proactive Investors in an exclusive phone interview last month. "Tell him it's a formal invite from me. Have him videotape everything we're doing on site, we'll prove to him that he's the joke."

Citron Research stated it expects to release an additional report on Namaste.

Shares of Namaste fell more than 5% to \$1.71 in Thursday afternoon trading.

Cannabis companies CV Sciences Inc (OTCQB:CVSI), Cronos Group Inc (NASDAQ:CRON) and Tilray Inc (NASDAQ:TLRY) have all been targeted by the short-seller.

Namaste Technologies declined to comment on the story at this time.

--Updated to include recent share price and additional information

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