



Will Namaste (TSXV:N) Stock Make a Comeback in 2020?

Description

Shares of **Namaste Technologies** (TSXV:N) are trading at \$0.44 at writing. Namaste is a Canada-based company engaged in vape and accessory distribution. Namaste distributes the products via its online channel and also has distribution agreements with wholesalers.

Namaste has several business verticals. The NamasteMD is an integrated telemedicine application that connects medical patients with health care practitioners.

The Namaste AI identifies the right product for customers and looks to address specific medical cannabis requirements. CannMart is Namaste's "everything cannabis store," offering customers a slew of products and strain for their prescription requirements.

Namaste's brand portfolio includes Namaste Vapes, Green Vapes, Groovy Vapes, Vape Gossip, and Grizzly Originals. Namaste has 30 e-commerce retail stores in 20 countries. The stock is trading 87% below its record high and has lost 67% in the last 12-months.

Namaste investors have lost significant wealth [as the company has been plagued](#) with falling sales, an auditor resignation and the removal of its CEO who was accused of securities fraud.

What's going *right* for Namaste?

Namaste claims to be the leading online platform for cannabis products and accessories. It partners with licensed producers to connect with the global customer base.

Namaste is now looking to leverage artificial intelligence capabilities helping customers to learn and interact with the platform to purchase their product.

Namaste has successfully created a market place and is targeting a billion-dollar market share in the cannabis space. It is all set to benefit from the launch of cannabis 2.0. Cannabis-infused edibles were legalized in October 2019 and pot companies have started rolling out these products to customers.

Namaste has a 49% equity stake in Choklat, a premium small-batch chocolate manufacturer. Choklat has sales in Alberta and Namaste wants to expand its footprint in other Canadian provinces.

Latest quarterly results

In the fiscal third quarter of 2019 (ended in August), Namaste reported sales of \$3.8 million compared to sales of \$3.9 million in the prior-year period. Gross margin increased from 24% to 26% in the same period.

In the first three quarters of fiscal 2019, sales fell to \$12.4 million down from \$13.63 million in the first three quarters of 2018. Sales of Namaste vapes fell by \$2.3 million year over year in the first three quarters of 2019. This decline was offset by strong sales in other business verticals.

According to Namaste's press release, the decline was "primarily to a decrease in revenue as a result of the disposal of the U.S. business in December 2017, in combination with the closure of the Brazilian operations in the beginning of March 2019 and an overall decrease in average order value. The decline in website traffic due to competition also contributed to decline in Namaste Vapes revenue."

The market opportunity remains huge for Namaste as is the case for most pot companies. The stock has gained 26% since January 10. In order for long-term investors to be interested, however, Namaste will have to increase sales, improve profit margins significantly and ensure an increase in operating cash flows.

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