



Namaste

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FOR IMMEDIATE RELEASE – January 8th, 2018

NAMASTE ANNOUNCES 2017 AUDITED FINANCIALS WITH CORPORATE UPDATE

Vancouver, British Columbia, Canada - Namaste Technologies Inc. (“**Namaste**” or the “**Company**”) (CSE: N)(FRANKFURT: M5BQ)(OTCMKTS: NXTTF) is pleased to announce the filing of its audited financial statements, management discussion and analysis, and certification of annual filings for the year ended August 31st, 2017 (collectively, the “2017 Financials”). The company’s 2017 gross revenue of C \$10,981,414 which represents a 211% year-on-year growth increase was achieved through strategic acquisitions and consolidation of industry competitors, as well as through the implementation of advanced e-commerce technologies targeted to grow organic traffic and increase on-site conversion rates. Namaste expects to see strong revenue growth in its cannabis hardware business entering into 2018 through further optimization and expansion of operations in emerging markets. Namaste looks forward to soon receiving its Access to Cannabis for Medical Purposes Regulations (“ACMPR”) medical cannabis “sales-only” license whereby the company will enter a new revenue vertical by selling medical cannabis through its online platform. Namaste believes its expertise in e-commerce and website optimization, along with its existing database of Canadian consumers, will propel the Company to becoming the largest distribution channel for the sale of medical cannabis online. During the 2017 financial period, all of Namaste’s revenue was driven through hardware sales and does not include any medical cannabis sales.

2017 Financials – Highlights

- Net revenue of \$11.0 million (2016 - \$3.5 million), an increase of \$7.5 million or 215% year-over-year. The increase in net revenue is primarily due to organic growth, and the acquisitions of Australian Vaporizers PTY Ltd., URT1 Limited and Haze Industries, Inc., which provided revenues of \$2.1 million, \$1.7 million and \$1.3 million, respectively.
- Gross profit of \$1.4 million (2016 – \$1.1 million), an increase of \$0.3 million or 27% year-over-year. As a percentage of sales, the gross margin declined to 13% during the period, as compared to 32% in the prior year. The gross profit decline was primarily due to a non-cash inventory write-down of \$0.6 million. Gross margin further declined due to a decrease in the price mark-up of products sold to retail customers, an increase in discounts issued to customers, an increase in shipping cost related to product sales, and a foreign currency depreciation in sales generated in British Sterling relative to the Canadian Dollar.
- Operating costs were \$19.5 million (2016 - \$3.3 million), an increase of \$16.2 million year-over-year. The increase in operating costs is primarily due to non-cash items such as stock-based compensation inventory write-downs, amortization of intangibles and an impairment of goodwill and intangible assets, which totaled \$13.5 million. Excluding non-cash expenses, the increase in operating costs was comparable to the growth in revenue. In addition to this, there were increases in administrative, consulting, advertising, and salary costs, which are in line with revenue growth. Lastly, there were non-recurring legal and consulting expenses of \$0.4 million in relation to the acquisitions of URT1 Limited, Australian Vaporizers PTY Ltd. and CannMart Inc. during the period under review.

- Net losses were \$17.4 million (2016 - \$1.9 million), an increase of \$152 million year-over-year. The increase in net losses is primarily due to \$13.5 million in non-cash charges.

2018 Strategic Initiatives

- **Official Launch of Namaste MD:**

In November of 2017 Namaste soft-launched a beta version of its revolutionary telemedicine mobile application, NamasteMD.com, which is a virtual consultation portal that connects patients with nurse practitioners to facilitate issuance of medical documents. NamasteMD is presently available on desktop and Google Android platforms, while the Company is updating the iOS version and is awaiting approval in the Apple store. NamasteMD is the only virtual application for the Canadian medical cannabis industry that incorporates exclusive age and identity verification technology, utilizing facial recognition and direct connection to federal databases. NamasteMD.com is being implemented as a patient acquisitions tool for Namaste to leverage its existing database of Canadian consumers and daily site traffic. Initial testing user feedback has been taken into consideration, and the Company plans an official launch of the platform very soon.
- **Cannmart Medical Cannabis Marketplace:**

In May of 2017, Namaste acquired Cannmart Inc. (“Cannmart”), a late stage applicant under Canada’s ACMPR program for a medical cannabis “sales-only” license. Namaste is presently under construction for a state-of-the-art processing facility with the intention of launching an online marketplace for medical cannabis that will include products from multiple domestic and international licensed producers. The Company is specifically focused on the international importation niche as it sees value in importing high quality medical cannabis from international markets like Israel, which leads the industry in cannabis research and development. NamasteMD patients will have immediate access to Cannmart’s online platform which will focus on carrying the largest variety of medical cannabis including oils, extracts, and edibles, when they become available in the Canadian market. Cannmart will offer same-day delivery for medical cannabis products in the Greater Toronto Area (“GTA”) and will offer additional services including order fulfilment for out-of-province licensed producers as cannabis packaging and pre-filled strain cartridges. The Company will utilize its expertise in optimizing the consumer experience in an online platform and believes that Cannmart has the potential to become Canada’s leading retailer for medical cannabis.
- **Technology Implementations**

Throughout 2017, Namaste developed several enterprise level software platforms out of necessity for its operations, including a fully integrated middleware solution. The Company also developed NamasteMD as described above which will affect the way patients connect with doctors or medical practitioners to issue medical documentation. Namaste believes that there is significant value in its software platforms and their potential use in partnerships with other industry leaders. Namaste, through its research of existing seed-to-sale software platforms, believes that there is a large gap in the industry for a software platform to provide a vertically integrated solution for medical cannabis retail sales and that the software could be made available and utilized across the industry. Namaste plans to explore software licensing opportunities as it sees demand for its technology across the industry.
- **Emerging Markets**

Further to the Company’s 215% year-on-year increase in revenue, Namaste’s core business of hardware sales continues to grow rapidly through expansion into emerging markets like Mexico and Brazil, as well as in markets like Australia where the Company maintains a large market share. The Company’s marketing and SEO team are highly focused on increasing site traffic through strategic partnerships and improving on-site conversion rates by implementing

new technology across its e-commerce platform. The Company expects to see continued growth through its hardware business both domestically and abroad.

- **Profitability:**

Further to the Company's news release dated December 22, 2018, Namaste signed a Fulfillment Agreement with Greenlane Canada, which represents a key component of Namaste's strategy moving forward, and is expected to have an immediate impact on cash-flow. The partnership further demonstrates Namaste's commitment to focusing its resources towards the expansion of its global network, in an attempt to solidify its place in the Canadian market as a dominant player. Namaste's management remains focused on streamlining its current operations by taking cost cutting measures, such as the Greenlane partnership, to help fuel future growth and ultimately achieve profitability in early to mid 2018.

- **Market Penetration:**

Namaste continues to establish itself as the leader in the development and deployment of cutting edge technology solutions specifically designed for the medical cannabis industry. Namaste believes these technological advances will play a vital role moving forward, in an attempt to provide Canadian users with a safe and reliable platform to help meet the growing demand for medical cannabis. As demonstrated in 2017, it remains highly evident that there is a significant demand for many of the products and services Namaste is able to provide and Namaste fully intend on continuing to pursue new opportunities in the Canadian market. In only a short time, Namaste has been able to take significant strides in penetrating the medical cannabis market by focusing its efforts on developing more efficient medical cannabis delivery systems that it believes will become industry standard. By working with many of Canada's leading ACMPR licensed producers, Namaste believes it is well-positioned to exploit additional opportunities it has identified within the medical cannabis market, and fully anticipates seeing the further adoption of many of its existing technological initiatives moving forward. These agreements solidify our desire to work with top Canadian LP's in an attempt to pursue growth in the medical cannabis online retail marketplace.

Management Commentary

Sean Dollinger, President and CEO of Namaste comments: "2017 has been truly transformational for Namaste and its shareholders. As a result of many new and exciting initiatives, Namaste was able to form many strategic partnerships over a relatively short period of time, and sees no sign of that trend slowing down moving into 2018. To have many of the largest Canadian LP's see value in the products and services we provide is a true testament to both the need and desire for technological solutions within the medical cannabis industry. The industries keen interest in the adoption of our platform, further validates the inherent value our systems are able to bring, and it is extremely exciting to see our efforts being rewarded. Namaste sees major opportunities in expanding the software platform and in developing a more robust and advanced seed-to-sale platform, as it believes the industry is still lacking an appropriate vertically integrated solution that will allow for further growth of the Canadian medical cannabis online retail industry.

We will continue to innovate in the Canadian medical cannabis market, as we believe many of our initiatives will have first to market advantage as consumers look for more efficient and reliable sources of medical cannabis. With this in mind, we believe we have positioned ourselves extremely well to achieve profitability, as we remain focused on completing construction at the Cannmart facility in anticipation of receiving our ACMPR "sales-only" license. Once obtained, Namaste believes it will be one of the most well-positioned companies in the Canadian cannabis market, and will be able to offer a diverse range of products and services globally. We're very excited going forward as the impressive revenue growth to-date having been derived from hardware sales only, presents Namaste with vast opportunity moving forward in the medical cannabis online retail industry."

About Namaste Technologies Inc.

Namaste is the largest online retailer for medical cannabis delivery systems globally. Namaste distributes vaporizers and smoking accessories through e-commerce sites in 26 countries and with 5 distribution hubs located around the world. Namaste has majority market share in Europe and Australia, with operations in the UK, US, Canada and Germany and has opened new supply channels into emerging markets including Brazil, Mexico and Chile. Namaste, through its acquisition of Cannmart Inc., a Canadian based late-stage applicant for a medical cannabis distribution license (under the ACMPR Program) is pursuing a new revenue vertical in online retail of medical cannabis in the Canadian market. Namaste intends to leverage its existing database of Canadian medical cannabis consumers, along with its expertise in e-commerce to create an online marketplace for medical cannabis patients, offering a larger variety of product and a better user experience.

Forward Looking Information

This press release contains forward-looking information based on current expectations. These statements should not be read as guarantees of future performance or results. Such statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from those implied by such statements. Although such statements are based on management's reasonable assumptions, Namaste assumes no responsibility to update or revise forward-looking information to reflect new events or circumstances unless required by law.

Although the Company believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements because the Company can give no assurance that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. These statements speak only as of the date of this press release. Actual results could differ materially from those currently anticipated due to a number of factors and risks including various risk factors discussed in the Company's disclosure documents which can be found under the Company's profile on www.sedar.com.

This press release contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E the Securities Exchange Act of 1934, as amended and such forward-looking statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. The CSE has neither reviewed nor approved the contents of this press release

On behalf of the Board of Directors

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Further information on the Company and its products can be accessed through the links below:

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www.namastevaporizers.co.uk
www.everyonedoesit.co.uk