

Tilray Inc

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Buds & Duds: Cannabis stocks lag as Tilray shares slump on wider-than-expected 2Q loss

Cannabis stocks slipped on Wednesday with broad-based losses across North American markets and a string of disappointing earnings results.

The North American Marijuana Index, which tracks the top cannabis stocks in the US and Canada, dropped 3.8% at 206.1 points. Elsewhere, the Horizons Marijuana Life Sciences Index ETF sank 4.4% to C\$16.70, while the OTCQX Cannabis Index dropped 4% to 701.8 points.

Duds

The duds led the way on Wednesday, with the majority of cannabis stocks lagging.

Tilray Inc (NASDAQ:TLRY) shares sank 10.5% at US\$41.18 in New York after reporting wider-than-expected losses in its fiscal second quarter, despite seeing a bump in sales, on the back of acquisitions that helped results.

The cannabis cultivation company reported revenue of US\$45.9 million, as compared to US\$9.7 million in the year-ago period, and beating the US\$40.35 million expected by analysts. The firm pointed to its acquisition of Manitoba Harvest, recreational legalization in Canada, and growth in Europe's medical marijuana market as reasons for the rise.

Net loss for the quarter was US\$35.1 million or \$0.36 per share compared to a loss of US\$12.8 million or \$0.17 per share in the same period a year ago. Tilray said the widening loss was due to an increase in operating expenses, interest expenses, acquisitions and the expansion of its international operations.

The firm noted average net selling prices including taxes fell to US\$4.61 per gram, down 28% from the year earlier.

Also lagging Wednesday was US multi-state cannabis operator Cresco Labs Inc (OTCMKTS:CRLBF) (CSE:CL), which was down 4.2% at C\$11.38 in Toronto, off 5.5% at US\$8.50 in New York.

Yesterday, the firm announced a listing on the Frankfurt Stock Exchange, under the symbol 6CQ.

Also dropping was Sunniva Inc (CSE:SNN) (OTCMKTS:SNNVF), which saw its shares slide by 42.4% at C\$1.17 in Canadian trading, off 43.2% at US\$0.88 in New York.

The firm, which operates in Canada and California, announced delays of several months at its Cathedral City, California facility. The firm noted the expected date for phase one of its 325,000 sq/ft Sunniva California campus is now anticipated to be early 2020.

Buds

That said, a number of stocks outperformed Wednesday.

Price: \$30.50

Market Cap: \$2.98 billion

1 Year Share Price Graph



September 2018 March 2019 September 2019

Share Information

Code: TLRY

Listing: NASDAQ

52 week High Low
300 25.17

Sector: Cannabis

Website: www.tilray.com

Company Synopsis:

Tilray Inc is a vertically-integrated and federally-licensed cannabis cultivator, processor and distributor based in British Columbia.

action@proactiveinvestors.com

Biome Grow Inc (CSE:BIO) (OTCMKTS:BIOIF) shares were on the rise after the firm announced it is bringing its cannabis products to Manitoba.

Shares of Biome Grow were up 4% at C\$0.39 in Toronto, up 1.4% at US\$0.28 in New York.

The company won a license for the retail sale of cannabis in the province and plans to distribute its select dried flower and pre-rolls to retailers from its wholly-owned Nova Scotia cultivation facility, Highland Grow.

"We are happy that our high quality, premium flower and pre-rolls have which have proven very popular with discerning consumers in Atlantic Canada and Saskatchewan will now be available to the 1.4 million people of 'Friendly Manitoba'," said Biome Grow CEO Khurram Malik.

READ: Biome Grow wins license to distribute cannabis in 'Friendly Manitoba'

Also gaining Wednesday was TILT Holdings Inc (CSE:TILT) (OTCMKTS:SVVTF), which was up 1.3% at C\$0.81 in Toronto. The firm is expecting its latest round of financial results at the end of August.

TILT is an infrastructure and technology platform for the legalized cannabis industry and services around 1,000 dispensaries across the US and Canada

Contact Katie Lewis at katie@proactiveinvestors.com

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Contact us +44 (0)207 989 0813 action@proactiveinvestors.com

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