

Our Final Word on \$TLRY before \$50

Tilray management is not stupid. Just seven weeks ago Tilray decided to go public with an **offering price of \$17**. This was done with much deliberation between them and their many bankers. With this price Citron believes they took into consideration all future deals and partnerships that the company had been planning.

The recent cannabis stock rally is a US phenomenon fueled by retail investors.

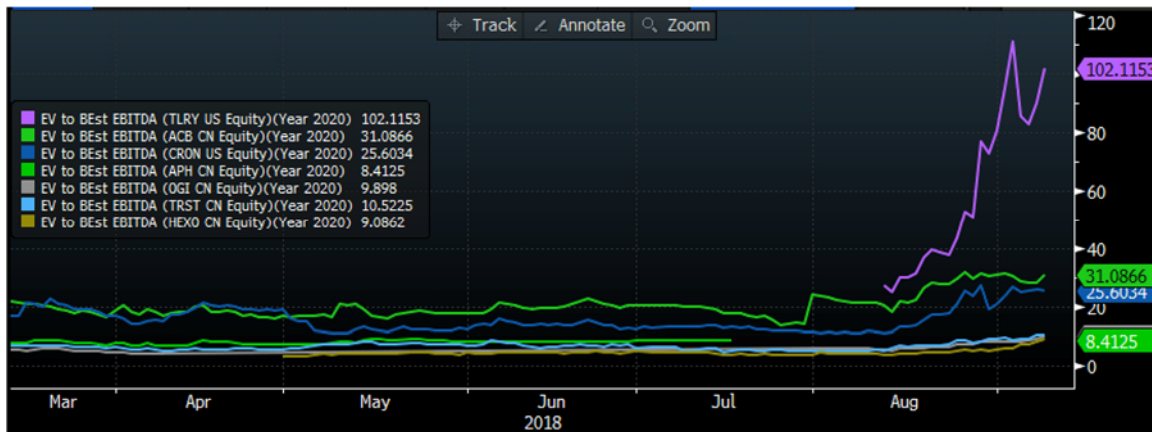
Since August 15, US marijuana stocks Tilray and Cronos have significantly outpaced the performance of their Canadian traded peers.

Due to federal regulation, US listed stocks cannot have any operations in the US without losing their listings, whereas Canadian listed stocks can have US operations. The US will be the largest cannabis market in the world. Today, the California market is over 5x larger than all of Canada. Despite obvious logic, we've seen US retail investors pile into the US listed marijuana stocks.

Citron sees on the trading platforms of Fidelity and Ameritrade, after Apple and Facebook, Cronos and Tilray are some of the most actively traded stocks by their customers.

Lastly, over the past week Citron has received hundreds of emails from investors ranging from anti-Semitic to threats on family, but NOT one of them could justify the price increases with any analysis whatsoever. We have been publishing for 17 years and this is generally a sign of a retail bubble.

The bubble has created this ridiculous valuation discrepancy for Tilray



We know how this will end and will gladly short more if the stock goes higher.... our funding is secured because this is what we know!

Cowen has been paid a lot in banking fees but even still the analyst can't stretch valuation enough to justify current stock price levels. Cowen initiated on TLRY on August 13 and used a 9x multiple on 2020 revenue to derive their price target of \$34. Just two weeks later, the analyst raised their 2020 revenue multiple to 17x to get to a new price target of \$62.

TLRY needs to raise more money to fund its aggressive expansion plans that would come in the form of a secondary. As stated in their IPO prospectus at \$17:

"The continued development of our business will require additional financing following the closing of this offering, and there is no assurance that we will obtain the financing necessary to be able to achieve our business objectives."

Traders don't care:

TLRY sells a commodity and just look at their latest 10Q where they note in the MD&A section that they had to rely on "third-party supply" to meet demand (Can you imagine if Tesla bought cars from Ford to give their customers)

Soon the stock market will have more options as the Deepest cannabis IPO pipeline in history will detract capital from Tilray and traders will have new toys to play with.

There are multiple upcoming high-profile listings (e.g., Canopy Rivers, Slang Worldwide, etc.) in the cannabis space.

Moreover, the recent valuation surge of US listed cannabis stocks has attracted the leading Canadian listed cannabis stocks to the US market. In particular, Aphria, Aurora, CannTrust, OrganiGram, HEXO, and Green Organic Dutchman could all list in the US soon given that none have US cannabis assets.

The Future of the Industry for Everyone- Including Tillary

The price of a Cannabis is guaranteed to go lower over time. Look at this recent sign in Oregon:



Most states in the US hitting record low weed prices

<https://reports.cannabisbenchmarks.com/?ct=t>

These stock prices are equivalent to bitcoin mania – although it is even more ridiculous than bitcoin.

Whereas people liked Bitcoin because it was a blue sky, unregulated, difficult to mine, and had no real competition in crypto currency. Cannabis is highly regulated, can be farmed worldwide for cheap, and has many different players involved.

Cannabis has more similarities to tomatoes than bitcoin (not saying we would be long either tomatoes or bitcoin).

We know how this movie ends and our catchphrase has never been more appropriate.

Cautious Investing To All