

Tilray Inc

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Roth analyst can't pin down a price target after Tilray announces downstream merger

After Tilray Inc (NASDAQ:TLRY) announced plans to acquire its largest shareholder in a downstream merger, analysts at Roth weren't quite sure exactly how to feel about the cannabis producer.

On Monday, analyst Scott Fortune maintained his Neutral rating for the company, but declined to offer a price target thanks to "unprecedented volatility" following Tilray's agreement with Privateer Holdings to sell its 77% stake over two years.

Its shares trickled lower Wednesday to \$39.76.

The agreement will allow Tilray to acquire Privateer in what's known as a downstream merger. Privateer's 75 million shares will be subject to a lock-up, meaning Tilray would have discretion over any sales of stock for the first year.

READ: Tilray's stock pops on deal to acquire Peter Thiel-founded parent company

What the deal does for Tilray is grants it increased flexibility.

"We believe the proposed transaction alleviates the risk of the share overhang and the upcoming release of 75M shares into the publicly tradable market float," Fortune wrote. "The transaction extends the lock-up up to two years and allows TLRY operating flexibility and greater control for the sale of such shares only under certain circumstances."

Tilray is a British Columbia-based cannabis producer and distributor.

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Price: 18.64

Market Cap: \$2.94 billion

1 Year Share Price Graph



January 2020 July 2020 January 2021

Share Information

Code: TLRY

Listing: NASDAQ

52 week	High	Low
	22.93	2.43

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.

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