



## Aphria Inc (TSX:APHA) Could Be the Biggest Weed Company as Soon as Next Month

### Description

The highly anticipated merger between **Aphria** (TSX:APHA)(NASDAQ:APHA) and **Tilray** ([NASDAQ:TLRY](#)) is set to close in Q2. Insiders anticipate that the merged entity could exist as soon as April. When it does exist, it could become the world's biggest cannabis company — eclipsing **Canopy Growth** by market cap.

Aphria is already close to Canopy on revenue, with \$160 million in its most recent quarter compared to Canopy's \$169 million. But until today, Canopy has stubbornly held on to the top market valuation. That's set to change. The new Aphria-Tilray entity will have more quarterly revenue than Canopy, and one of the two entities — Tilray — was profitable in the most recent quarter. That points to the possibility of a new cannabis conglomerate that will eclipse all the competition.

### Aphria-Tilray merger set to close

So far, we know that the [Aphria-Tilray merger](#) will close in the second quarter.

When that happens, the two companies will be listed as one on the major stock indexes. Shareholders in either company will be given shares in the newly merged entity. The new entity will operate under the name "Tilray" and will trade on the NASDAQ as TLRY. This sounds like Tilray will be the senior partner in the new entity, but some disagree. For example, in a recent podcast, Fool.com's Erik Volkman opined that Aphria was actually buying out Tilray, because [Aphria would own 63% of the combined entity](#). If that's the case, then Aphria will effectively become the world's largest cannabis company — despite operating under the Tilray name.

### U.S. legalization rumours swirling

The Aphria-Tilray deal isn't the only big topic in the cannabis scene these days.

Possible U.S. legalization is also being discussed.

President Joe Biden's Democrats are generally seen as more friendly to cannabis than Trump's Republicans. Of the U.S. states that legalized cannabis (e.g., California, Colorado, Vermont), most are Democrat run. Many people think that Biden himself will legalize cannabis. That's certainly a possibility, but there's no definitive word on it yet. Biden did recently get rid of the rule barring marijuana users from federal jobs. Apart from that, though, we haven't heard much.

## Foolish takeaway

After collapsing post-legalization, the cannabis industry is once again on the rise. With an Aphria-Tilray mega merger in the works and U.S. federal legalization being discussed, it's hard not to get excited. Aphria stock is currently up more than 100% for the year, and the new Tilray entity could go much higher than that.

Still, it bears keeping in mind that cannabis stocks are very risky. They famously collapsed after weed was legalized in Canada, and it took them years to build back momentum after that. Overall, it's best to tread carefully with these highly volatile stocks. Nevertheless, their rapid rise has been a fascinating story to follow.

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andrewbutton

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