



PAUL COHEN'S

Marijuana Hub

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HOW TO MAKE MONEY IN THE MARIJUANA STOCK MARKET

MORE ON THE COLLAPSE OF THE MARIJUANA STOCK MARKET

- ▶ Stock market fundamentals are another reason for this massive decline in the marijuana stock market.
- ▶ The 275 company Cohen Grassroots Marijuana Index is now down 25% as of today. Let us take another look at fundamentals. Our Newsletter #118 discussed stock market mechanics as a cause.
- ▶ Our 3rd Tier, market capitalizations between and 5 million and 50 million has 79 companies, about a quarter of our Index.
- ▶ Similar to our 4th Tier of zero to 5 million dollars market cap, this Tier's average shares outstanding are a whopping 758 million.
- ▶ Remember that the numbers are distorted for some companies having in the billions of shares issued and outstanding.
- ▶ Last 12 months sales were only \$789,000, a distorted figure from a few companies that recorded legitimate sales.
- ▶ Cash on average was \$1.47 million, distorted as well from a few companies that had a war chest.
- ▶ Both Tiers, comprising 235 out of 275 companies are very similar: bloated shares outstanding, negligible sales and cash, and an inability to raise cash to fund themselves.
- ▶ Ultimately, fundamental corporate progress is measured by stock market performance.
- ▶ We can easily see that this is an industry on balance that cannot sell much, has little cash to run their business models, and continues to have trouble raising cash. Hence bloated capital structures.
- ▶ Statistics show that significant cash has been invested in the industry. That is true. However, corporate results continue to disappoint. Hence a continuing reason for the current disaster in share prices.