

Canopy shares surge on 2022 profit prediction

Despite reporting a \$829M Q3 loss, shares are up as the Canadian weed giant predicts US legalization will spur profits

VANCOUVER, BC, CANADA, February 10, 2021 /EINPresswire.com/ -- Canopy Growth Corp. (TSX: WEED) ([NASDAQ: CGC](#)) expects to turn a profit in 2022.

On Tuesday, the Canadian pot giant said improved operational execution drove record net revenue to \$153 million in its fiscal third quarter ended Dec. 31.

Reflecting upon his first year as CEO, David Klein said he's extremely proud despite the company's difficult decisions to right size its production footprint and terminate employees. The top boss says Canopy is more agile to grapple with the Canadian recreational market that's grown at a slower rate than first anticipated.

"We're at the end of that transition year and our team has made great progress," Klein said in a conference call with analysts. "We are firmly on a path to profitability."

Canopy stock rose nearly 12 per cent Tuesday to \$62.35 on the Toronto Stock Exchange. The company's share price has nearly doubled since the start of the year.

But the Ontario-based company booked a net loss of \$829.3 million in the third quarter, which it said was largely driven by a number of impairment and restructuring charges related to late-year cuts. Last December, Canopy shut down five of its Canadian facilities and laid off 220 workers in order to save up to \$200 million a year.

Klein said the trend of reporting massive losses will eventually come to end as the firm executes its new strategy across core markets.

Canopy's sales climbed 13 per cent quarter-over-quarter, driven by revenue increases in Canadian recreational and international medical markets, as well as its BioSteel beverage business and U.S. CBD unit.

Canopy's hinges profit hopes on US legalization

Accelerating its U.S. growth strategy is key to reaching profitability in the second half of its fiscal 2022, Canopy says.

Cowen analyst Vivien Azer asked Klein if he's confident that Canopy will reach its stated financial targets considering the volatility of the cannabis sector compared to alcohol.

The chief executive pointed to continued growth in the German medical and Canadian recreational markets. But he emphasized how Canopy is already making ground in the U.S. CBD market and is in a unique position to capitalize on THC sales if and when they're federally legalized.

"So a lot of moving parts, Vivien," Klein said. "But we feel that we've got our arms around enough of the detail to have a high degree of comfort in being able to put these numbers out."

With Democrats holding power in the White House and Congress, the firm expects significant cannabis reform in America this year. To ensure progress, Canopy and a new coalition of top North American operators, advocacy groups and trade organizations formed the U.S. Cannabis Council to work with federal lawmakers on Capitol Hill.

Hopes are high. Shares in Canopy and the broader cannabis sector have rallied since three top Democratic lawmakers said last week they plan to remove weed from America's list of Schedule 1 drugs this year.

Senators Cory Booker, Ron Wyden and Majority Leader Chuck Schumer stated a plan to introduce a draft legalization bill early this year with a focus on restorative justice and public health, as well as responsible taxes and regulations.

Canopy is the only Canadian firm with an immediate stateside opportunity when federal legalization arrives. The firm would be able to close its deal to buy [Acreage Holdings \(CSE: ACRG.A.U\)](#) and possibly buy a bigger stake in [TerrAscend \(CSE: TER\)](#), which are both sizable multi-state operators.

"We believe that this legislative package or a combination of reform measures could allow Canopy to enter the U.S. THC market during calendar 2021," Klein said.

Canopy is already focused on building its U.S. cannabidiol brands, which it expanded in the third quarter with celebrity chef Martha Stewart.

The company released...

To continue reading, please visit: <https://mugglehead.com/canopy-shares-surge-on-2022-profit-prediction/>

About Mugglehead

Mugglehead.com is a digital publisher dedicated to cannabis news, investments, culture, and science, owned by Mugglehead Media Corp. We publish original content, including video, interviews and articles. Because many of the companies and trends we cover are related to investments and stocks within the cannabis industry, please review our disclaimer and forward-looking statements below.

Original content created by Mugglehead Media Corp. © 2021 is protected by copyright laws.

Visit us at <https://mugglehead.com> daily for all things cannabis-related.

Facebook: <https://www.facebook.com/muggleheadmedia>

Twitter: <https://twitter.com/muggleheadmedia>

Disclaimer and Forward-Looking Statements

Mugglehead Media Corp. and Mugglehead.com (collectively, Mugglehead) is a news and media publisher dedicated to cannabis, psychedelics, and mental wellness. It is not registered as an investment adviser, broker-dealer or other financial or securities professional with any financial or securities regulatory authority. You understand that no content published by Mugglehead constitutes a recommendation that any particular security, portfolio of securities, transaction or investment strategy is suitable for any specific person. Mugglehead does not render general or specific investment advice and does not endorse or recommend the business, products, services or securities of any industry or company mentioned on this Site.

This news release is not an offer to sell or a solicitation of an offer to buy any securities or commodities. To the extent that anything in this press release may be deemed to be investment advice or a recommendation in connection with a particular company or security, such information is impersonal and is not tailored to the needs of any specific person.

From time to time, Mugglehead (on behalf of itself and any partner, director, officer or insider of Mugglehead) may have a financial or other interest in the party or parties featured on the Site, within the meaning of National Instrument 31-103 - Registration Requirements, Exemptions, and Ongoing Registrant Obligations, published by the Canadian Securities Administrators, as a result of ownership of securities in, compensation received or receivable from or other financial arrangement with such party or parties featured in this press release. We will disclose if we have a position in any such party or parties, as at the date of publication of this press release; however, we may not update this disclosure after such date.

In addition to historical information, this press release may contain forward-looking statements, including statements with respect to third parties regarding product plans, future growth, market opportunities, strategic initiatives, industry positioning, customer acquisition, the amount of recurring revenue and revenue growth. In addition, when used in this release, the words "will," "expects," "could," "would," "may," "anticipates," "intends," "plans," "believes," "seeks," "targets," "estimates," "looks for," "looks to," "continues" and similar expressions, as well as statements

regarding a third party's focus for the future, are generally intended to identify forward-looking statements. Each of the forward-looking statements we make in this press release involves risks and uncertainties that may cause actual results to differ materially from these forward-looking statements. Factors that might cause or contribute to such differences include, but are not limited to, those disclosed by the companies featured in this release in their public securities filings. You should carefully review the risks described therein. You should not place undue reliance on these forward-looking statements, which speak only as of the date such statement was published. Mugglehead undertakes no obligation to publicly release any updates or revisions to the forward-looking statements or reflect events or circumstances after the date of their publication, except as required by law.

From time to time, reference may be made in this press release to prior articles or opinions we have published. These references may be selective, may reference only a portion of an article or opinion, and are likely not to be current. As market information changes continuously, previously published information and data, and any references thereto, may not be current and should not be relied upon.

Nick Laba
Mugglehead Media Corp
+1 (888) 684-4534

[email us here](#)

Visit us on social media:

[Facebook](#)

[Twitter](#)

This press release can be viewed online at: <https://www.einpresswire.com/article/535409740>

EIN Presswire's priority is source transparency. We do not allow opaque clients, and our editors try to be careful about weeding out false and misleading content. As a user, if you see something we have missed, please do bring it to our attention. Your help is welcome. EIN Presswire, Everyone's Internet News Presswire™, tries to define some of the boundaries that are reasonable in today's world. Please see our Editorial Guidelines for more information.

© 1995-2021 IPD Group, Inc. All Right Reserved.