



3 Small-Cap Marijuana Stocks Poised for Big Gains

Description

The legalization of marijuana for recreational use is in only five days! Profit from the legalization by investing in small marijuana companies that have strong potential. The three small-cap stocks that I present below are poised for big gains following legalization.

Supreme Cannabis (TSXV:FIRE)

Supreme Cannabis cultivates premium, dried, sun-grown cannabis flowers through its subsidiary 7ACRES. Currently, 7ACRES operates 40,000 square feet of operational capacity that's expected to produce approximately 5,000 kg of dried cannabis per year. Once completed, the company expects the facility will span more than 342,000 square feet, producing 50,000 kg of premium dried cannabis per year at full capacity.

Supreme Cannabis now has [six provincial supply agreements](#) and is listed in provinces from coast to coast.

At the end of last month, 7ACRES signed a 12-month guaranteed supply agreement with **Tilray** to provide dried cannabis to Tilray Canada. The dried cannabis supplied by 7ACRES will be distributed to Tilray's medical marijuana patients.

Revenue is expected to be around \$173 million and earnings will reach \$0.14 per share next year.

Supreme Cannabis stock gained 58% in 2017 but has plunged over 7% year to date.

HEXO ([TSX:HEXO](#))

HEXO is the largest medical marijuana producer in the province of Quebec. It currently operates with over 300,000 square feet of production capacity and will expand by one million square feet by the end of the year. These expansions will increase cannabis production from 3,600 kg to 108,000 kg per year.

The company has a reputation for offering exceptional customer service and is focused on product innovation and quality. It has launched a new brand, HEXO, for the recreational adult-use cannabis

market.

In April, HEXO signed a five-year agreement to supply the Société des alcools du Québec with up to 200,000 kg of cannabis.

This agreement is expected to bring the company the second-highest recreational revenue among licensed producers for the first year of the recreational market in Canada and 35% of Quebec's recreational market share.

On August 1, 2018, HEXO formed a joint venture with **Molson Coors Canada** to develop non-alcoholic, [cannabis-infused beverages](#) following the legalization of the consumable cannabis market in 2019.

Revenue is expected to be around \$107 million and earnings will reach \$0.05 per share next year.

HEXO's stock is skyrocketing: shares gained 506% in 2017 and are up 105% year to date.

Village Farms International (TSX:VFF)

Village Farms is a North American grower of fruits and vegetables that is in the process of converting its greenhouse to cultivate cannabis. The company has a unique 50/50 partnership with **Emerald Health Therapeutics**, where Village Farms brings its growing expertise to the partnership while Emerald brings its compliance and licensing expertise.

The joint venture, which runs under the Pure Sunfarms name, announced in September that its Delta 3 greenhouse operation was issued a cultivation licence by Health Canada under the Access to Cannabis for Medical Purposes Regulations.

Pure Sunfarms has the green light to expand its cannabis production area to 550,000 square feet — half of the 1.1 million square feet Delta 3 production facility. The newly licensed area is expected to be in full production by mid-October.

The expansion will make Village Farms one of the largest cannabis growing facilities on the planet. Pure Sunfarms expects to produce at full production of 75,000 kg annually at Delta 3 by 2020 — an impressive number for a small-cap cannabis stock.

Revenue is expected to be around \$208 million and earnings will reach \$0.33 per share next year.

The stock gained 465% in 2017, but is down 14% year to date.

CATEGORY

1. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. TSX:HEXO (HEXO Corp.)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Investing

Tags

1. Editor's Choice

Date

2025/08/25

Date Created

2018/10/12

Author

sbchateauneuf

default watermark

default watermark