



Is This the Worst Marijuana Stock to Buy Today?

Description

There are plenty of enticing stocks for cannabis investors to buy today, but there is no shortage of ones to avoid either. There are a lot of pretenders in the industry that are vying to grab market share and make it big. However, whether they might still be around in a few years' time is a different story, as the fast-changing industry could look different in a few years, as bigger players could squeeze out or even acquire competitors.

One company that stands out as being particularly problematic today is **MedMen Enterprises** ([CNSX:MMEN](#)), which seems more hassle than it's worth. While its stores have proven to be popular with customers, as sales have reached over US\$50 million over the past two quarters, the problem hasn't been sales; it's been everything else.

Costs have been rising at a significant pace, and the company has been burning through a lot of cash as well. In six months, the company used up \$125 million just to fund its day-to-day operations.

MedMen has had to resort to issuing shares and notes payable to keep the cash coming in. Shareholders don't like dilution, and issuing shares has a negative impact on the stock price. It's no surprise that the stock has been struggling; in the past month, it has lost around 20% of its value, and it's not far away from its 52-week low.

With plenty of issues on its financials and some serious allegations from its former CFO of just being downright reckless and wasteful when it comes to spending, this is one stock I'd stay far away from. I'd go so far as to say that it might even be the worst option for cannabis investors.

The company would have to drastically turn things around for it to appeal to me as an investment given all the turmoil that it's in today. Especially with competition in the U.S. growing with companies like **Curaleaf** and **Trulieve** getting bigger, it might be even harder for MedMen to attract investors with plenty of other options out there.

Previously, **Aphria** (TSX:APHA)(NYSE:APHA) might have been my choice as worst pot stock. Consistently a laggard among the leaders and problems surrounding its U.S. investments, the stock looked destined to be a loser. However, with a change in CEO and less controversy surrounding the

company, the stock has shown some signs of life and has risen more than 15% since the start of the year.

While it's still not great and behind some of the bigger names, it's an improvement for Aphria nonetheless. And right now, investors will have to take what they can get, especially after the abysmal performance the company had in its [most recent quarter](#). While it continues to expand into various parts of the world, the company might also run into cash problems; it too has been [burning through cash](#). However, it hasn't been extreme as the situation at MedMen.

Both stocks are still very questionable buys today and might be more suitable for speculators rather than investors.

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