



This Underrated Marijuana Stock Could Be a Hot Buy Once Edibles Take Off

Description

We're just months away from edibles being available for sale in Canada, and that could give marijuana stocks some new life. While currently a lot of the focus has been negative due to [scandals](#) and poor earnings performances, we could see some life injected into many pot stocks once cannabis candy and chocolate start giving companies a boost in sales.

While a lot of the hype has been surrounding cannabis-infused [drinks](#) and the deals that have been made involving some big beverage makers, there might be more potential in candy and chocolate, which is what we've seen south of the border. And one company that could be poised to benefit significantly from that is **Namaste Technologies** (TSXV:N).

Earlier this year, the company made a big move into the edibles segment when it acquired 49% of the shares in Choklat. The company manufactures chocolate and has non-infused products available throughout more than 150 retail locations and it has a growing presence in some major grocery chains, including Sobeys and Safeway.

Many opportunities for growth

Choklat and Namaste recently submitted an "evidence package" to Health Canada in the hopes of being one of the first edible products to hit the market. Currently, the expectation is that by December, we should see some edible products become available in stores, with more being ready next year.

There's a lot of potential for Namaste to grow its business once the edibles market takes off, and that makes the stock an intriguing investment today. Given how poorly the stock has performed this year, it could prove to be a bargain buy, as Namaste's share price has fallen by nearly 40% from January through to the end of July.

Trading around just \$0.50 a share and a market cap well under \$200 million, there's definitely plenty of room for the stock to climb in value. All the ingredients are in place for the company to be able to succeed, all that's left is the execution and the results to prove to investors that it's capable of producing significant results.

In its most recent quarterly earnings, the company's sales of \$4 million were actually down slightly from the prior year, while its losses grew in size. To date, much of Namaste's revenue has been generated through vape sales, which also promises to generate significant growth. The problem is that without some stronger financials, investors are going to be a little wary of investing in Namaste.

The good news for investors is that the bulk of the company's sales have thus far come outside Canada, with the U.K. and Australia generating more sales than the Canadian market thus far. However, that could quickly change once edibles arrive, and that's where Namaste could be an attractive buy before that happens.

Bottom line

Namaste still has a long way to go in establishing itself as a major cannabis operator in Canada, but the moves it has made thus far should position it for success and more growth.

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