



## 2 Marvelous Marijuana Stocks in the Making

### Description

The [controversies involving the big cannabis players](#) shouldn't distract you. Otherwise, you'll lose sight of the smaller but marvelous marijuana stocks in the making. **Alcanna** (TSX:CLIQ) and **Supreme Cannabis** (TSXV:FIRE) are quietly making the right moves in the sidelines.

Both companies are gearing up to gain headway in Canada's direct cannabis market that will be worth \$11 billion in the next six years. You need to keep watch of these companies whose business models are dynamic and growth-oriented.

### Transformed business

Alcanna is dominating the retail liquor business in Canada. The company posted a third straight quarter of steady market share gains. There was a 20.9% growth in sales and an 8.2% growth in same-store sales in the three and six months ended June 30, 2019 compared with the same period in 2018.

James Burns, Alcanna's Vice Chairman, and CEO said the company is working to re-establish market foothold after losing it to competitors. Alcanna is competing but slowly adapting to the low gross margin environment. Selective margin enhancement will begin in the second half of 2019 when Alcanna regains market share.

The company has nine retail cannabis stores under the brand Nova Cannabis. The construction of other stores is ongoing, and the target is to have an additional 15 to 20 stores by year-end. Alcanna is also converting some of its liquor stores to retail cannabis stores.

Entry into the cannabis world would strengthen Alcanna's balance sheet as it builds a solid foundation for long-term growth and value appreciation.

### Underrated weed stock

Supreme Cannabis remains underrated. However, the company is taking deliberate steps to grow and

build an active [business and authentic brand](#).

The audited fourth-quarter results aren't due until September 17, 2019, but Supreme Cannabis already gave investors a glimpse of what to expect. Revenue is expected to increase by 449% or nearly double versus Q4 2018 revenue.

Navdeep Dhaliwal, Supreme Cannabis' CEO, is confident that the measured approach to capital deployment and brand-building will set the company apart. Revenue growth will continue throughout 2020.

One of Supreme Cannabis' operating assets, 7ACRES, will scale production and introduce new and higher-margin products. The launching of 7ACRES premium oil pod for the PAX Era is coming soon. Other significant operating assets and cannabis brands are Truerra, Blissco, Medigrow, and Super Heights.

Cambium Plant Sciences will handle the research and development for Supreme Cannabis. This R&D facility focuses on the development of the next generation of premium cannabis genetics and proprietary cultivation processes.

Supreme Cannabis is forecasting net revenue of \$150 to \$180 million in 2020. Also, this quarter, 7ACRES' transition from a wholesale business to premium consumer brand will be complete. Analysts see FIRE rising from \$1.46 to \$4.50 or an upside of 208% in the next twelve months.

## Colossal gains in the future

You shouldn't belittle Alcanna and Supreme Cannabis, however. Both companies are transitioning and growing and could well outperform the more significant but problematic cannabis producers.

If you're after colossal gains in the cannabis sector, invest in Alcanna and Supreme while the stocks are affordable. These marvelous marijuana stocks in the making will command higher prices soon.

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