



## Why Aphria Inc (TSX:APHA) Stock Rose 17% in August

### Description

Despite what's been for the most part a rough patch for cannabis stocks, shares in **Aphria Inc** (TSX:APHA)(NYSE:APHA), Canada's fourth largest licensed pot producer, rose 17% in August.

So what exactly led to APHA's outperformance last month?

Let's take a closer look and find out.

Aphria reported its fourth quarter and fiscal year-end earnings on August 1, and for the most part, the results were fairly encouraging.

Backed by strong growth in adult use, Aphria delivered impressive year-over-year numbers including revenues up 969% and gross profits that nearly doubled.

Growth was encouraging against its most recent third quarter results as well, including 75% net revenue growth and revenues for adult-use cannabis up 158% from the prior quarter.

Once again, the company continues to demonstrate that it can deliver results on a profitable basis as well, reporting net income of \$15.8 million in the fourth quarter and adjusted EBITDA of \$1.9 million for the quarter.

Those results compare favourably to the net loss of \$108 million it had reported in the third quarter — and better than the \$5 million in net losses reported in the fourth quarter one year ago.

Meanwhile, Aphria also closed a convertible note offering during the fourth quarter for proceeds of over US\$335 million at a rate of 5.25% per year, and now has over \$571 million of cash sitting on its books, including marketable investments.

That should set it up well to go after not only an expanding Canadian market, but also a rapidly growing international market for cannabis.

Also, while revenues per gram of cannabis sold did decline in the quarter, the company continues to go

after new and untapped markets for the drug, including the announcement of a new CBD-based nutraceutical product line for the German market earlier this year.

With more than 200,000 plants already under cultivation for the current grow season, including the new expanded area of its Aphria One facility, management feels as though its now on track for annual production capacity of as much as 255,000 kilograms of the drug once all is said and done, including having received licenses for all of its facilities.

## Foolish bottom line

In light of the fact that Aphria sold just 5,774 kilograms of cannabis during the fourth quarter those forecasted production estimates suggest that there's [still a long road ahead](#) of this company before it truly gets to where it wants to go.

Yet it could prove to be a [handsomely rewarding and exciting road](#) for investors — provided management can trim some of its existing operating costs and return itself to the form that it was in when it became the first licensed pot producer to record a quarterly net profit.

Investors interested in the cannabis space will want to continue to watch this exciting company, which, despite a strong showing in August, still trades toward the bottom end of its trailing twelve-month price range.

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