



COVID-19: Pot Stock Earnings Recap

Description

Consumer buying behaviour in the cannabis market may change as the Canada Revenue Agency ends the Canada Emergency Response Benefit. Until then, investors should keep an eye on pot stock earnings to see the muted impact of the COVID-19 pandemic.

Luckily, this benefit is available until October 3, 2020. Hopefully, at this point, the health crisis will be mostly over. Around the globe, people are ready for their lifestyles to return to normal.

You should know these quotes from the prior earnings results before **Canopy Growth** ([TSX:WEED](#))(NYSE:CGC) and **Aurora Cannabis** ([TSX:ACB](#))(NYSE:ACB) announce the most recent financial results in the next couple months.

Canopy Growth on COVID-19

Canopy Growth reported fourth-quarter fiscal 2020 financial results at the end of May. In the press release, the firm withdrew its prior guidance surrounding its timeline to achieve positive EBITDA.

Canopy Growth CEO David Klein noted the impact of COVID-19 on business operations, assuring shareholders that the firm is making progress to supply innovative cannabis products to market.

“Through the COVID-19 pandemic we have worked hard to ensure the health and well-being of our teams and customers and the continuity of our business. During this time, our team has rolled out our exciting new cannabis-infused beverages and vape products in Canada and a portfolio of CBD products in the U.S.”

Notably, Canopy’s recreational B2C sales in Q4 2020 fell by 14% quarter over quarter. Part of this is attributable to seasonal demand and corporate retail store closures at the onset of the COVID-19 health crisis.

Moreover, BioSteel Sports Nutrition revenue also fell by 20% quarter over quarter. The reduction of

thirty-party distribution during the pandemic's beginning substantially affected supply chains.

Canopy Growth should report the first-quarter fiscal year 2021 earnings on August 10, 2020.

Aurora Cannabis slows new store rollouts

The COVID-19 pandemic caused Aurora Cannabis' management team to realign goals more suitable for the economic climate. The company issued the following statement in its fiscal third-quarter 2020 earnings press release in May.

"The variables associated with the COVID-19 pandemic and the still-developing Canadian consumer market, including consumer buying behaviour and new store rollout, have led Aurora to focus on market share for the near term, rather than revenue targets, to manage the business."

Unlike Canopy Growth, Aurora Cannabis maintained its timeline to realize a positive adjusted EBITDA in the firm's fiscal 2021 first quarter. If the company fails to meet this shareholder expectation, the stock price could experience some volatility.

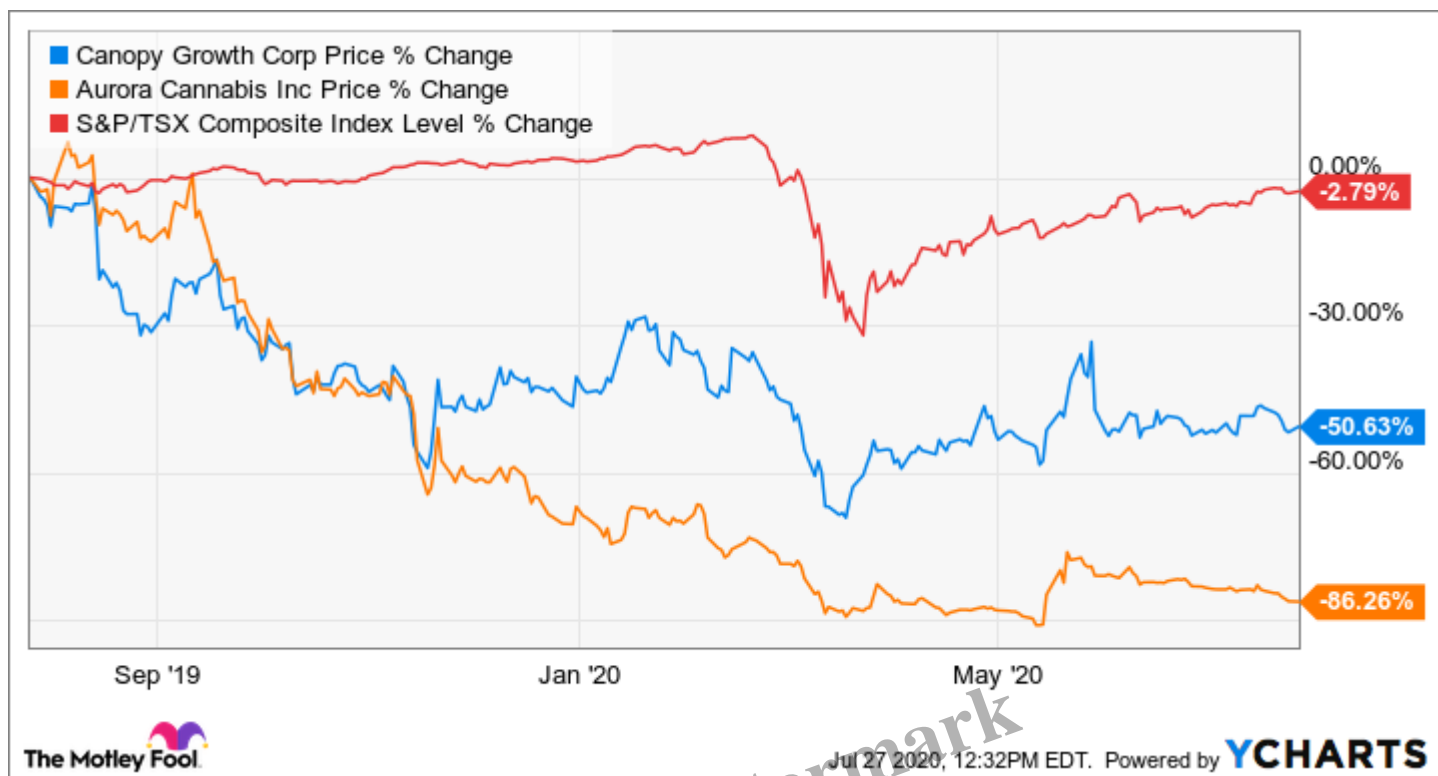
We should hear about changes in consumer demand associated with COVID-19 in the upcoming earnings report. Further, shareholders should look out for how fewer than anticipated store openings impacted sales growth in the fourth quarter of 2020.

Based on last year's earnings date, Aurora Cannabis will tentatively announce fourth-quarter 2020 earnings on September 9, 2020.

Foolish takeaway

The COVID-19 health crisis impacted [cannabis stocks](#) as well as the entire **Toronto Stock Exchange**. Susceptible to volatility regardless, shareholders may want to invest confidently yet cautiously in these stocks.

Canopy Growth is down 50.63% in the last 12-months. Meanwhile, Aurora Cannabis has lost 86.26% of its value. These cannabis stocks are underperforming the index, which has settled at only 2.79% lower than where it was a year ago.



Pot stocks are great to add some growth-oriented assets into your retirement portfolio. Nevertheless, they also carry some risk. Evaluate your risk preferences before you decide to buy.

More importantly, remember that stock market investing is a lot like life. Courage and the willingness to take risks bring crucial lessons and rewards.

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1. NASDAQ:ACB (Aurora Cannabis)
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