



## This Pot Stock Could Be a Millionaire Maker

### Description

When you think about pot stocks, you probably think about [Canopy Growth](#), **Aurora Cannabis**, or **Aphria**, three big players in the cannabis industry. But there are smaller pot stocks worth considering. **Village Farms International** (TSX:VFF)([NASDAQ:VFF](#)) is one of them. This non-pure-play pot stock could be a millionaire maker.

### Village Farms was first a greenhouse operator

Created in 1989, Village Farms International was initially a greenhouse operator producing tomatoes, peppers, and cucumbers. In 2017, the company formed a joint venture with **Emerald Health Therapeutics** for large-scale cannabis production. The joint venture, named Pure Sunfarms Corp., has grown into one of the largest vertically integrated cannabis producers in Canada.

In 2019, Pure Sunfarms' 1.1 million square foot Delta 3 plant in the Canadian province of British Columbia produced approximately 50,000 kilograms of pot.

The legal cannabis industry is still at an early stage. It's common for cannabis producers to experience losses quarter after quarter. Pure Sunfarms, on the other hand, is one of the very few profitable licensed Canadian cannabis producers.

In fact, the [third quarter of 2020](#) marked the seventh consecutive quarter of positive net income for the company and the eighth consecutive quarter of positive adjusted income before interest, taxes, depreciation, and amortization (EBITDA). Compared to the second quarter of 2020, net income increased 200% to \$3.2 million and Adjusted EBITDA increased 125% to \$5.6 million.

Net sales increased 75% from the second quarter of 2020 to \$22.6 million. Pure Sunfarms achieved a 15.2% brand market share in the dried flower category (in kilograms sold) in October 2020 with Ontario Cannabis Store.

## Village Farms now owns 100% of Pure Sunfarms

On November 2, 2020 (after quarter end), Village Farms acquired all of the issued and outstanding shares of Pure Sunfarms resulting in the company now owning 100% of Pure Sunfarms. Management has stated that the transaction will be immediately accretive to the net income of Village Farms.

And all of this is happening at a time when Pure Sunfarms is tapping into the Cannabis 2.0 market, which includes derivative products like edibles, vapes, and infused drinks.

On September 23, Village Farms International Inc announced that Pure Sunfarms had launched vaping and oil products in Ontario, British Columbia, and Alberta.

A week later, Village Farms announced that Pure Sunfarms had received approval from Health Canada to begin cannabis extraction operations. This means that the pot producer can start in-house extraction operations for its recently launched vaping and oil products, as well as any additional derivatives it has in pipelines.

## The pot stock ranks number 13 in the TSX30

Village Farms announced on September 15 that it has ranked as the 13th top-performing company in this year's TSX30, a flagship program recognizing the 30 top-performing **TSX** stocks over a three-year period based on dividend-adjusted stock price appreciation. This is the second year in a row that Village Farms has ranked among the TSX30. The pot stock ranked third last year.

Like many pot stocks, Village Farms saw its stock crash during the market selloff earlier this year. While the pot stock is now out of its March lows, it has yet to fully recover.

For investors who want to participate in the burgeoning cannabis industry, this greenhouse operator – which now has a major cannabis producer as a wholly-owned subsidiary – deserves serious consideration.

### CATEGORY

1. Cannabis Stocks
2. Investing

### TICKERS GLOBAL

1. NASDAQ:VFF (Village Farms International, Inc.)

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