



This Pot Stock Soared 4% After Reporting a Strong Rise in Sales

Description

The Green Organic Dutchman (TSX:TGOD), a producer of premium certified organically grown cannabis, released its fourth-quarter and year-end 2020 fiscal results on March 9 after the closing bell. The pot stock soared by 4% shortly after the opening bell on March 10, as the company reported a strong rise in sales.

Sales in Canada were very strong

TGOD reported revenue of \$10.92 million in the fourth quarter of 2020. This represents an increase of 236% and 91%, year over year and quarter over quarter, respectively. Canadian cannabis revenue amounted to \$8.55 million for the quarter — an increase of 122% from the previous quarter.

TGOD saw increased sales in Canada across all product lines, supported by a strong increase in production at the company's Ancaster and Valleyfield facilities.

Full-year revenue was \$24.51 million — a 120% year-over-year increase.

The company announced that its board of directors has appointed Sean Bovingdon as CEO and board member, effective immediately. Mr Bovingdon had previously been appointed interim CEO in November 2020 while continuing to serve as CFO. He will remain interim CFO while the company undertakes the search for a permanent CFO.

Sean Bovingdon said in a statement, "We delivered strong growth in 2020 thanks to the expansion of our product assortment, including the launch of Highly Dutch, and continuous improvements to our supply chain. This accomplishment, realized against a challenging backdrop, reflects the quality of our products, underpinned by our talented and committed team."

TGOD charts the course for future growth

Bovingdon also said that the company remains focused on operational execution, as it charts the

course for future growth, including opportunities in Europe, Mexico, and the United States.

He noted that several retailers were unable to remain fully open, particularly during Q1 2021, and so we can expect a delay in the growth rate at least until Q2 2021. Bovingdon added that TGOD's recent Organic Sugar Bush, a high-THC Sativa variety, reflecting the improvements in quality and potency the company has achieved, and the new SKU Hash should give the sales mix an extra boost in the coming months.

TGOD continued to benefit from its cost control programs through further reductions in general and administrative expenses, which were 59% lower compared to the same period in 2019.

The company recorded a net loss of \$23.68 million for the quarter compared to \$144.75 million for the same period last year, mainly comprised of operating loss and a writedown of \$8.65 million of goodwill related to HemPoland.

On November 24, 2020, TGOD announced that it had received an Export Certificate from Health Canada. This certificate allowed the company to complete its first shipment of medical cannabis to Germany, where it is undergoing stability testing, the last step before the company can begin commercialization in 2021. The company expects that once completed, it will also be able to ship to Australia and Mexico, where regulations permit.

In February, TGOD signed a [supply agreement with CannMart](#), a subsidiary of **Namaste Technologies**, making its certified organic medical cannabis products available through CannMart's online medical cannabis sales platform. As part of the company's two-year term agreement with CannMart, the company will provide CannMart with a broad portfolio of certified organic medical cannabis products, including premium dried flowers, RIPPLE soluble powder, gummy candies, and teas.

For fiscal 2021, analysts expect on average a revenue growth of 156% and a profit growth of 96%.

A promising pot stock trading at a discount

TGOD stock hit a 52-week high of \$0.65 on February 10, but it fell afterward below \$0.40. This is a good opportunity to buy a promising pot stock for a cheap price. [Canopy Growth and Village Farms International](#) are two other top pot stocks you might want to have a look at.

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Date

2025/08/25

Date Created

2021/03/10

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