



## 1 Small TSX Cannabis Player to Consider Today

### Description

The cannabis sector is notoriously speculative right now. There's a merger on the books to create the world's largest cannabis company. And this behemoth already has competition in this regard.

As speculation around U.S. legalization picks up, more attention is going south of the border. However, there are a few niche Canadian cannabis options that look intriguing right now.

Let's dive into one such opportunity I think could be a unique speculative buy for cannabis investors.

### Impressive financials for this small Canadian cannabis player

**The Valens Company** ([TSX:VLNS](#)) is a relatively smaller player in the Canadian cannabis industry. How small? Well, the company has got a market capitalization of \$440 million at the time of writing.

Indeed, that's not microscopic by most standards. But compared to the company's larger peers, Valens appears to be overlooked by many investors.

The company reported some rather impressive financial results during its most recent quarterly earnings release. Valens reported massive quarter-over-quarter revenue growth of 25%. The company produced \$20 million in revenue in the first quarter alone. This growth was driven in product sales of 1.4 million units (23% increase) and a rise in provincial orders of 8%, despite falling sales in the first two months of the quarter.

Indeed, cannabis sales are heating up in Canada, and Valens appears to be well positioned to take advantage of this trend.

Additionally, Valens's margins look pretty decent as well. The company's EBITDA margin improved this past quarter, boosting Valens's balance sheet further. An equity offering on Jan. 29 provided the company with an additional \$40 million in growth capital. There's speculation building that Valens could use this capital to expand into the United States. That said, this is just speculation at this time.

I think Valens is in an intriguing position as a high-growth option in the Canadian cannabis space. For investors looking for cannabis companies with the numbers to support their sky-high valuations, this is one to look at.

## Strong Cannabis 2.0 potential spurring interest in Valens stock

Valens is also keen on exploring [alternative cannabis products](#) to diversify its product portfolio. These Cannabis 2.0 products span a range of value-added products, including vapes and edibles, and are extremely popular among consumers. Expectations are that Valens's move into this space will provide further revenue growth acceleration over the long term. Additionally, these higher-margin products have great potential to boost Valens's profitability over the long term.

The company recently launched three additional vape cartridge products in response to the staggering popularity of its first flavour in association with Verse Cannabis. These products have done quite well and are contributing to the company's impressive growth trajectory today.

Additionally, Valens introduced other innovative 2.0 products, including high-potency CBD-dominant oil. The coming quarters will see even more product launches like menthol rubs, bath bombs, premium oils, and water drops.

With an impressive catalog of pioneering product launches, speculative investors may want to consider this stock. Valens is a unique high-growth company, focused on the correct (profitable) growth segments that I think matter.

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