



HEXO Stock: On its Way to Number 1?

Description

The recent acquisition of 48North by **HEXO** ([TSX:HEXO](#))(NYSE:HEXO) appears to be just the latest in power moves by HEXO stock. The cannabis producer hasn't taken the traditional approach to cannabis sales. Rather, it's focused on acquiring and creating business strategies focused on edibles rather than traditional cannabis consumption.

So, is this working for HEXO stock? Can it really make its way to a top position?

HEXO stock: A history

HEXO stock started as a cannabis producer in 2013, offering adult-use and medical products, including beverages. It came onto the **TSX** during the cannabis boom of 2017 and 2018, with shares climbing along with others. But unlike other companies, HEXO stock continued to climb, even after the October 2018 drop from legalization.

This comes from the company's many partnerships bolstering expansion and revenue. Year-over-year revenue [exploded](#) during the next few years, up almost 500% year over year before the pandemic hit.

The pandemic, of course, hurt production for HEXO stock, sending all-time highs in April 2019 to all-time lows by the summer of 2020. Today, since coming on the market, shares are only up 17% as of writing.

What's happened recently?

HEXO stock is in spending mode, as the undervalued cannabis industry continues to recover. It recently filed a \$1.2 billion base-shelf prospectus for growth projects. That is an immense amount of money to put towards growth — enough to push it to a top spot if done correctly.

And that seems to be exactly where management has put its sights. On May 11, the company announced it would sell new shares directly to the public from time to time, totaling \$150 million. These

funds in particular will be used to finance United States expansion, integrate acquisitions, and improve production.

These are the company's new projects, but it continues to launch current projects as well. Just last month, the company launched six new beverages in Canada. HEXO stock plans on continuing its role as the market leader in the beverages sector through its partnership with **Molson Coors**. But it isn't stopping there. As we've seen, recent acquisitions mean HEXO stock is looking to consolidate the cannabis-infused beverage market. This could be a multi-billion-dollar market where HEXO stock remains the leader.

HEXO stock also recently announced a brand partnership with REQ, a digital marketing agency to help move along its growth strategy in the United States. It looks like the company has a number of plans in development where the marketing agency can help HEXO stock make the biggest impact.

Foolish takeaway

So, let's recap. We have a company that's already seen massive growth and taken out over a billion dollars to support that growth. It's made a number of strategic acquisitions and bought facilities to increase production. It's consolidating a multi-billion-dollar industry in the cannabis-infused beverage business. It's also signed on a marketing team to push its growth in the country that's arguably the largest consumer of cannabis in the world.

This is signals to me that HEXO stock is not just here to stay, but it's here for a top spot. This recent [announcement](#) is likely to be just the latest of many.

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