



## 2 Top TSX Stocks to Buy Before They Jump Over \$10

### Description

The TSX has an abundance of cheap but [profitable investment](#) options. Two names, **HEXO** ([TSX:HEXO](#))(NYSE:HEXO) and **Goodfood Market** ([TSX:FOOD](#)), should be on the buy lists of growth investors today. Scoop them now before their prices jump over \$10.

### Savvy moves and strategic partnerships

HEXO could be on the verge of a breakout, given its 35.99% year-to-date gain in 2021. Analysts are bullish on the cannabis stock and forecast a return potential of 74.7%. The current share price of \$4.95 could easily climb to \$8.65 in 12 months.

Canadian and American cannabis producers are preparing and waiting for the federal legalization of marijuana in the United States. Once it happens, HEXO could garner a significant market share. In Canada, the \$754.51 million company cemented its leadership position in the adult-use market.

In Q3 2021, [HEXO](#) expects to complete the \$925 million acquisition of Redecan, Canada's largest privately owned licensed producer. According to HEXO CEO and co-founder Sebastien St-Louis, the plan is to leverage the combined expertise in product development, manufacturing, and branding in Canada.

Truss CBD USA, a joint venture with **Molson Coors Beverage Company**, is HEXO's ticket to the lucrative U.S. markets. Apart from Molson, HEXO forged a partnership with REQ. The leader in digital marketing and brand reputation will assist HEXO in expanding its U.S. footprint. REQ will also be actively involved in supporting the growth initiatives of Truss CBD USA.

### Pandemic stock

The global pandemic pushed Goodfood Market into the limelight. Its stock had a spectacular run in 2020, rewarding investors with a 287% total return. The streak continued in 2021 but eventually lost momentum towards the end of Q1 2020. As of July 30, 2021, the share price is \$9.83, or a year-to-

date loss of 18.89%.

Goodfood reported record revenues in Q3 fiscal 2021 (quarter ended May 31, 2021). From \$86.6 million in Q3 fiscal 2021, it increased 24% to \$107.8 million. However, the \$726.55 million company swung to a net loss of \$2 billion compared to the \$2.8 million net income in the same period last year.

The 89% increase in selling, general, and administrative expenses was the reason for the net loss. For the nine months ended May 31, 2021, revenue grew 49%, while net loss expanded by 51% to \$8.7 million. Management explained that Goodfood's strategy is to focus more on generating long-term value instead of short-term profitability. The ultimate goal is to become Canada's leading online grocer.

Goodfood president and COO Neil Cuggy note the record 35% gross margin. He said the milestone was due to continued last-mile delivery optimization and improved operational effectiveness. It led to lower credits and incentives, supported by growing scale and additional investments in automation.

While some analysts say Goodfood is an oversold pandemic stock, they agree the company has a huge runway for growth. Expect management to build a grocery business that competitors would find hard to match. Base on analysts' buy rating, the price could top \$12 (+22%) or climb as high as \$15 (+53%) in the next 12 months.

## Bright futures

HEXO and Goodfood Market have bright futures. The cannabis producer is gearing up for [marijuana legalization](#) in the U.S. while cornering the markets in Canada. Meanwhile, the online grocery company builds economies of scale that will eventually lead to increased profitability.

### CATEGORY

1. Cannabis Stocks
2. Investing

### TICKERS GLOBAL

1. NASDAQ:HEXO (HEXO Corp.)
2. TSX:FOOD (Goodfood Market)
3. TSX:HEXO (HEXO Corp.)

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