



## Forget Canopy Growth and Buy This Pot Stock Instead

### Description

Canadian cannabis investors are hoping for pot stocks to stage a turnaround after a prolonged bear market has impacted them for more than two years. Shares of marijuana leaders, including **Canopy Growth**, have grossly underperformed the broader markets since the start of 2019.

However, marijuana producers south of the border, such as **Jushi Holdings** (CNSX:JUSH), have managed to generate outsized gains to investors in this period. While Canopy Growth is still grappling with massive losses, Jushi Holdings is racing towards profitability. Further, the United States is the world's largest marijuana market and the recent wave of legalization in several states continues to expand the addressable market for Jushi and peers.

If cannabis is legalized at the federal level in the U.S., pot stocks will see a significant increase in share prices, thereby growing investor wealth at an exponential rate. It will also provide companies with easier access to debt capital and help optimize the supply chain for licensed producers, enabling them to improve the bottom line as well.

We'll take a look at the key reasons why I remain bullish on Jushi Holdings stock.

### Jushi is expanding its operations

Jushi Holdings is focused on the strategic expansion of its dispensaries. Around 80% of total company sales are derived from Pennsylvania, Illinois, and Virginia, and 13 of its 20 retail outlets are located in Pennsylvania. Jushi also has dispensaries in California and Massachusetts.

It operates five cannabis-cultivation sites and [a similar number](#) of extraction and processing facilities. Jushi also aims to increase its retail outlet count by double digits by the end of 2021, which will be a key driver of top-line growth.

Jushi is eyeing states that will limit overall competition by placing caps on dispensary licences that can be issued or by assigning these licences solely on the basis of jurisdiction.

Valued at a market cap of US\$822 million, Jushi has increased its sales from US\$10.22 million in 2019 to US\$80.77 million in 2020. Analysts expect sales to touch US\$228 million in 2021 and US\$425 million in 2022. Wall Street also forecasts Jushi sales to reach a billion dollars by 2024.

This expansion in revenue will also allow Jushi to improve its bottom line from a loss per share of \$0.23 in 2021 to earnings per share of \$0.2 in 2022.

## Recent quarterly results

Jushi just disclosed its results for the June quarter and reported revenue of \$47.7 million, which is an increase of 220% year over year. Its gross profit rose by 194% to \$21.9 million, while net income stood at \$4.8 million compared to a loss of around \$27 million in the year-ago period.

Jushi attributed its positive bottom line to an increase in sales, gross profit, and a gain on fair-value derivative liabilities. Its adjusted EBITDA was \$4.6 million, indicating a margin of 9.6%. Analysts tracking the cannabis stock forecast sales to touch \$47.11 million in Q2, while its loss per share was forecast at \$0.04.

We can see Jushi is a [high-growth stock](#) with multiple secular tailwinds that will positively impact the company in the upcoming decade. Analysts forecast Jushi stock to touch \$9.91 in the next 12 months, indicating an upside potential of 100% in this period.

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