



Cronos Stock Price: 52-Week Lows Continue for This Cannabis Stock

Description

Most Canadian marijuana producers have trailed the broader markets in 2021. This includes shares of cannabis heavyweight **Cronos Group** ([TSX:CRON](#))([NASDAQ:CRON](#)), which are down 46% in the past year and 81% below all-time highs.

Despite the significant pullback, Cronos Group is [valued at a market cap](#) of \$2.14 billion, making it one of the largest cannabis companies in Canada. While Cronos has burnt investor wealth in the last three years, the stock is still up 261% in the last five years. Let's see if you need to add CRON stock to your portfolio right now or if it remains a high-risk bet at current levels.

Cronos stock is wrestling with regulatory issues

In the last month, Cronos stock has fallen over 10% after the company announced the delay of the filing of its quarterly report. The marijuana heavyweight explained it needs time to analyze the impairment charges the company will report for its CBD, or cannabidiol, business. Cronos confirmed impairment charges will amount to at least \$220 million in Q3 of 2021.

Cronos [acquired Redwood Holding](#) for \$300 million two years back to gain access to its lineup of CBD-infused oils, gummies, and other products. But in Q2 of 2021, Cronos reported a goodwill impairment charge of \$40 million, which indicates the acquisition was overvalued.

Investors initially expected the delay in filings to be tied to an acquisition announcement by tobacco company **Altria**. In 2019, Altria invested \$1.9 billion in Cronos for a 45% stake. But over the last two years, Altria has written down the value of the acquisition multiple times.

Several analysts remain bearish on Cronos stock. According to a report from *The Fly*, **Barclays** analyst Gaurav Jain initiated coverage on Cronos stock with a price target of US\$5.5 and an "Underweight" rating. Jain emphasized that Canadian cannabis companies are unable to gain a controlling stake in multi-state operators south of the border, as marijuana is still illegal at the federal level. The U.S.-based cannabis companies have stronger fundamentals and are racing towards profitability compared to their Canadian counterparts who continue to grapple with widening losses and

poor execution.

What's next for CRON stock?

Analysts tracking Cronos expect the company to increase sales by 84.8% year over year to \$86.4 million in 2021 and by 80% to \$155 million in 2022. However, the company's loss per share is forecast to widen from \$0.21 in 2020 to \$0.36 in 2022. We can see that despite the decline in CRON stock this year, it's still trading at a forward price-to-2022-sales multiple of 13.8, which is sky-high compared to marijuana companies in the U.S.

Cronos ended Q2 with a cash balance of \$1.1 billion, which provides it with enough room to improve profit margins going forward. The backing of Altria Group also provides Cronos with enough flexibility in the medium term. But will Altria continue to pump in money into a company that is wrestling with regulatory concerns, significant losses, and more?

CRON stock remains a high-risk, high-reward investment for investors. Personally, I believe there are far [better marijuana stocks](#) to place your bets on right now.

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