



Should Investors Buy Goodfood Stock Ahead of Earnings?

Description

Goodfood ([TSX:FOOD](#)) is due to report earnings before the market open on Thursday, Apr. 14. The meal-kit delivery service continues to trade near 52-week lows but has made some moves lately that could see more revenue come in. So, what should investors do ahead of earnings with Goodfood stock?

What's been happening?

Goodfood stock focused in on its micro-fulfillment work during the last few months. This allowed the company to move a bit away from the meal-kit service that rose the company to the top of Canadian providers. Now, it's focusing in on grocery delivery.

Now offered in many urban centres across Canada, the idea is to have [one-hour delivery](#) in these urban centres. And to get users interested, the delivery fees are free for the first few months. After that, a subscription fee comes into effect.

The big question, of course, will be whether this is already creating revenue or not. The pandemic allowed Goodfood stock to expand at a rapid pace. However, growth continues to slow as restrictions go to the wayside and Canadians return to in-store shopping.

Does Goodfood stock have anything else up its sleeve?

Last quarter's earnings

The next earnings due will report the second quarter for 2022. For the first quarter of this year, the company saw a stabilizing of its net sales. That's not ideal when [investors want growth](#). Furthermore, the company reported a net loss of \$22 million, with \$2 million put towards "reorganization costs related to cost saving initiatives."

On the plus side, its customer count grew to 254,000, up from 249,000 the quarter before. That

demand could indeed be growing further with the launch of their delivery service, but only time will tell.

It will be interesting to see how restrictions affect Canadian mindsets. On the one hand, they may be wanting to get back to in-store shopping as soon as possible. However, others may be fearful that no masks mean more spread of COVID-19, which has been happening lately. So, this could indeed see an increase in Goodfood stock, with users worried about catching the virus deciding to stay home.

Now what?

I don't believe we'll see anything groundbreaking during this next earnings report. In fact, Goodfood stock continues to shrink, trading at about \$2.95 as of writing. That's only slightly higher than 52-week lows. While this could allow long-term users bullish about the company's long-term performance a solid entry point, I'm not so sure.

It seems that Goodfood stock is a company that became reliant on the pandemic. That's definitely not good news for long-term investors. There could be more shrinkage instead of more in the near term. Long term, the company could end up pushed out by larger companies around the globe that have already mastered the meal-kit service industry.

So, while Goodfood stock remains the top Canadian provider for now, I'm less certain that it will remain that way for long. Therefore, it doesn't look like the company's earnings will offer anything substantial to celebrate come Thursday morning.

Goodfood stock was down 3% on April 13 and 28% year to date.

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