



## Fire & Flower: A Small Pot Stock Poised for Strong Growth

### Description

**Fire & Flower Holdings** ([TSX:FAF](#)) is an independent retailer of regulated cannabis products and accessories. The company has 83 locations in Alberta, Manitoba, Ontario, Yukon, and Saskatchewan. Although the company is not yet profitable, I think it's well-positioned for strong growth in the coming years.

### Fire & Flower Results: Strong Growth in 2021

For the company's [2021 fiscal year](#), consolidated revenue grew 37%, to a record \$175.5 million. Consolidated adjusted EBITDA was \$5.1 million, in line with the prior year.

Hifyre, the company's digital business segment, generated a record \$14.3 million for the fiscal year, a 129% year-over-year increase. Meanwhile, retail revenue increased 29% to a record \$130.8 million in fiscal 2021.

For the fourth quarter, consolidated revenue and adjusted EBITDA came in at \$42.7 million and negative \$2.4 million, respectively.

Net loss was \$19.5 million for the quarter and \$63.6 million for the year ended January 29, 2022, compared with a net loss of \$11.4 million for the prior-year quarter and \$79 million for the prior year.

Fire & Flower acquired Pineapple Express Delivery, PotGuide, and Wikileaf to expand logistics capabilities and web traffic.

The company opened 32 stores during the year, with a total of 105 stores open and in operation at the end of the year.

"Fiscal 2021 has been a year of significant advancement and growth for Fire & Flower," said Trevor Fencott, who has since [resigned as chief executive](#). "This year, we have refined our vision to, 'Deliver Cannabis to the World,' positioning our business as a consumer e-commerce platform, supported by a distributed retail network enhanced by our Circle K store co-location program. This position is enabled

through the acquisition of Pineapple Express Delivery, one of the largest cannabis delivery platforms in the world.”

## Nasdaq Listing and Partnership With Alimentation Couche-Tard

After the quarter, Fire & Flower completed one of the final steps in preparation for a listing on the NASDAQ, including the filing of a 40-F registration statement and DTC eligibility for common stock.

On April 20, the company announced its intention to exercise Series B warrants by its strategic partner **Alimentation Couche-Tard** ([TSX:ATD](#)), owner of Circle K convenience stores, resulting in after-exercise ownership of approximately 35%.

Fire & Flower also announced the expansion of the industry-first Spark Select program, a new product and pricing strategy, in hopes of attracting a broader customer base in response to the rapidly growing value-driven cannabis consumer segment

## Expansion of Delivery Services

Fire & Flower recently launched Firebird Delivery in Toronto, Kingston, London, Ottawa, Oshawa, Guelph, and North Bay, Ontario. The expansion of the company’s current delivery program will enable same-day delivery and a new one-hour delivery option. Firebird Delivery will soon be launched in Alberta, Manitoba, Saskatchewan, and other markets.

## Is Fire & Flower a Good Investment?

Shares of Fire & Flower have has fallen about 35% year to date. They rebounded slightly after closing on May 11 at a 2022 low point of \$2.52. This [cannabis stock](#) remains a speculative buy at the moment, but allocating a small portion of your portfolio to Fire & Flower might be rewarding in the long term.

### CATEGORY

1. Cannabis Stocks
2. Investing

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