



The Single Best Pot Stock to Buy in December 2022

Description

[Cannabis stocks](#) have passed through a very difficult year. **Canopy Growth** ([TSX:WEED](#)) is a Toronto-based cannabis producer that is engaged in the production, distribution, and sale of cannabis and hemp-based products for recreational and medical purposes in Canada, the United States, and Germany. Today, I want to discuss why this is my top pot stock to snatch up in December 2022.

Here's how this pot stock has performed in 2022

Shares of this top pot stock have plunged 72% in 2022 as of early afternoon trading on December 23. The stock has [fallen 32%](#) over the past month. Investors can look at its recent performance in the interactive chart below.

Should you have faith in the cannabis space going forward?

Investors flocked to cannabis stocks following the announcement that Canada would pursue recreational legalization back in 2015. At the time, there was supreme confidence in an industry where it looked like the sky was the limit. However, the realities of domestic legalization have somewhat soured investor sentiment.

That said, the cannabis industry is still projected to deliver strong growth in the years ahead. This should keep Canadian investors interested in top pot stocks. Grand View Research recently estimated that the global legal marijuana market was worth US\$13.2 billion in 2021. The report projects that this market will deliver a compound annual growth rate (CAGR) of 25% from 2022 through to 2030. Indeed, this growth projection could be modest if the United States is able to settle on broad federal legalization of recreational cannabis sometime this decade.

How has Canopy Growth measured up against other pot stocks with its earnings?

This company released its earnings for the second-quarter (Q2) of fiscal 2023 on November 9. Canopy Growth posted net revenue growth of 7% quarter over quarter. Canopy Growth also announced the divestiture of Canadian retail operations. That will ensure that the cost reduction program remains on track to deliver \$70-\$100 million in Selling, General, & Administrative (SG&A) savings.

Chief Executive Officer David Klein called the second quarter a “key inflection point” for Canopy Growth. The company continued to accelerate its entry into the U.S. cannabis market through the creation of Canopy USA. It has been waiting on U.S. legalization as its prior acquisition of Acreage Holdings primed it to jump head-first into the market south of the border.

EBITDA stands for earnings before interest, taxes, depreciation, and amortization. This aims to give a more complete picture of a company’s profitability. In Q2 FY2023, Canopy Growth posted an adjusted EBITDA loss of \$78 million. However, that was an \$85 million improvement from the prior year.

Canopy Growth: Is this pot stock worth buying today?

This top pot stock is poised to deliver strong revenue growth in the near term. The company has charged ahead in its path to profitability, making promising strides in recent quarters. Investors should expect turbulence in the cannabis space in the near term. However, it is worth snatching up this pot stock on the dip, as it has steadily bolstered earnings.

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2. Investing

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