



This Wellness Company Just Landed the Biggest Extraction Deal With a Cannabis Company in Canada

Description

The cannabis industry is big business, and for companies that can take advantage of its strong growth, the potential could be significant. It's why we've seen retailers and companies from other industries look to get involved and get a piece of the lucrative pie. With the industry still experience a lot of growth, it's an attractive time for companies to secure agreements.

One company that looks to benefit from the growing industry is **Neptune Wellness Solutions Inc** ([TSX:NEPT](#))(NASDAQ:NEPT), which announced last week that it had entered into a long-term extraction agreement with **Green Organic Dutchman Holdings Ltd** (TSX:TGOD). It's a three-year deal that will see TGOD supply Neptune with 230,000 kilograms of cannabis and hemp to extract and convert into premium cannabis products, making it the largest such deal in Canada to date.

This is not the first time that Neptune has gotten involved with a cannabis company, as its price [soared](#) last year after it announced it had a deal with cannabis giant **Canopy Growth Corp** for an extraction deal as well. Earlier this month, it also secured a deal with **Tilray**.

Neptune is a great example of a company in a comparable industry that looks to take advantage of its existing competencies and strengths to position itself as a key partner for multiples cannabis companies.

These deals help to make Neptune front and centre for other cannabis companies looking for an extraction partner. It also doesn't hurt that Neptune received rave reviews from TGOD's CEO Brian Athaide, stating that "With this agreement, Neptune becomes a key partner for TGOD; we have been impressed with their commitment to innovation and excellence in every aspect of their business. Their unique capabilities in terms of extraction, formulation and packaging were decisive factors in our selection process."

It's expected that TGOD will send its first shipments to Neptune in September, months before edibles will be available for sale. The deal is a good one for both companies, and will help them grow their respective brands in the cannabis industry. TGOD has been eagerly awaiting the launch of edibles and

it initially gained popularity in the industry last year when it announced it was [licensing a proprietary infusing technology](#) that would give it a big advantage in the market.

TGOD hasn't achieved much sales over the past year, but once the edibles segment of the industry gets going, that could change in a hurry. Neptune is also hoping for edibles to improve its results and give the stock some life. The company released its quarterly earnings last week, and it already started to see some cannabis-related revenues trickle in.

Unfortunately, with the company recording a disappointing performance that saw both revenues and profits being significantly worse from a year ago, the stock went on to decline despite the news of the agreement with TGOD.

Year to date, Neptune is still up over 65% and there's definitely a lot more room for the stock to rise as it benefits from its extraction agreements.

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