



This 1 Canadian Cannabis Giant Just Became Bigger

Description

Canopy Growth ([TSX:WEED](#))(NYSE:CGC) is one of the largest Canadian cannabis companies that led the charge, as the legalization boom took place. It also suffered a drastic pullback as speculation died down. After a significant period of remaining low key, Canopy was off to a fantastic start for 2021.

Canopy's valuation almost doubled between January 1 and February 10, 2021. After reaching its peak, the stock slumped again and is almost down to where it began this year. At its current price, many investors might have good reasons to consider it a good entry point for massive upside potential.

One of the reasons to account for this optimism could be the company's growth trajectory. Canopy Growth remains one of the largest players in Canada's legal weed industry. It has grown through both organic means and by acquiring other companies.

The company is sparking a lot of interest due to its latest acquisition that could make Canopy a good stock to keep a close eye on right now.

Canopy's latest acquisition

Canopy recently announced that it acquired Toronto-based **Supreme Cannabis** (TSX:FIRE) in a [\\$435 million deal](#). This acquisition deal is widely being considered as a positive move among investors who are bullish on Canopy's domination in the domestic weed market.

Supreme Cannabis is among the more prominent operators in the recreational cannabis market in the country. The move seems bullish for investors who are banking on Canada's growing recreational cannabis market — a market that has grown considerably over the last 12 months.

The country's adoption of cannabis was slow at the start but has recently picked up the pace. If Canopy continues absorbing competition and growing its domestic market share, it can improve its margins and become more profitable for investors in the coming years.

Supreme is one of the few operators in the industry with a positive adjusted EBITDA in recent quarters.

The company has taken several measures to become profitable, and its revenues are increasing rapidly. Canopy has been seeking deals that could positively impact its top and bottom lines. Acquiring Supreme Cannabis seems like the perfect deal for this purpose.

Foolish takeaway

Despite the positive news, it is important to remember that the move primarily improves Canopy's position in the Canadian cannabis market.

Investors bullish on cannabis legalization across the southern border in the U.S. might not benefit from the deal. Canopy Growth has made significant inroads in the U.S. market but is still locked out of the THC market, like most of its Canadian peers.

The possibility of THC sales in the U.S. could spell great news for Canopy Growth and its peers. Until that comes to pass, the acquisition might significantly boost the company's performance in the domestic market.

Canopy has been growing its revenues at a steady pace, and its losses are slowly shrinking. While the stock might not be undervalued, the chances of it seeing long-term growth are increasing. It could still face issues in the short term, but Canopy might be an ideal long-term buy for investors who are bullish on the [growing cannabis industry](#).

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