



Why Canopy Growth (TSX:WEED) Stock Jumped on Thursday

Description

Canopy Growth ([TSX:WEED](#))(NYSE:CGC) announced the company will [acquire](#) Wana Brands, which currently holds the top position of edibles in North America.

What happened?

Canopy Growth stock purchased Wana Brands in an agreement to make an all-cash deal of US\$297.5 million. It would then acquire all three call option agreements of Mountain High Products, Wana Wellness, and the Cima Group.

Wana currently makes gummies in Colorado, distributing them to 12 states and across Canada. Wana believes by the end of 2022, this should increase to 20 states.

The deal marks yet another that would see Canopy Growth stock acquire a company upon federal legalization. But it's not just the U.S. where the deal will help. Wana Brands has a licensing agreement with London, Ont. edibles-maker **Indiva**. Indiva currently has about 50% of the market share of legal cannabis edibles sold in Canada.

So what?

As mentioned, this is yet another deal to mark Canopy Growth stock and its move into the United States. However, it hasn't made a deal like this in quite some time. The last deal it made was with Supreme Cannabis back in April for US\$435 million, but this focused on the highly profitable area of vapes.

The Wana deal, however, is more like the major deal with **Acreage Holdings** back in 2019, before the market crash. That deal, once U.S legalization is complete, would sit at US\$3.4 billion.

Now what?

While the deal is an important one, it's unlikely to have [analysts](#) change their ideas of the immediate future of Canopy Growth stock. Analysts continue to believe Canopy Growth will continue to fall short of its goal to make a profit — not just now, but for several [quarters](#).

That being said, the company seems to be on the right path. Since Chief Executive Officer David Klein took over the position in January 2020, there has been a huge restructuring of Canopy Growth stock. Layoffs, facility closings, and production stoppages all came even before the pandemic. This in a hope to convince investors it's taking profit seriously.

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