

Goodleaf merges with Highlands Investments to create R650m cannabis company

South African premium CBD brand Goodleaf is merging with Highlands Investments, formerly Canopy Growth Africa, in a deal that will see the combined company be valued at approximately R650m.



Warren Schewitz of Goodleaf with Jody Aufrichtig of Highlands Investments.

According to the companies, the transaction will result in the largest vertically integrated cannabis operation in Africa, with an investment in excess of R350m to date. Under terms of the deal, Highlands Investments shareholders will have 35% shareholding in the merged entity, with Goodleaf's shareholders holding 65%.

From seed to sale

"We are delighted to have successfully concluded this merger, and in doing so created Africa's first truly seed-to-sale offering," says Warren Schewitz, founder and chief executive officer of Goodleaf. "It has always been our intention to create a world-class global brand, and as we achieve scale, it is essential to ensure we have access to high-quality supply, which Highlands affords."



Goodleaf has commercialised a portfolio of 30 products in multiple categories, and has well-established distribution lines

through leading retail stores, online, wholesale, and coffee shops in South Africa. Goodleaf's products will soon be exported to large retailers in Asia and Europe and are also available online through goodleaf.co.za.

Demand for quality products with a known origin

"We are seeing renewed interest in the cannabis industry globally and this transaction brings together two of the biggest cannabis players in Africa," says Jody Aufrichtig, founder of Highlands Investments. "Highlands is the first ISO 22000 grade cannabis producer in Africa, the quality of our product is world-class, and I believe that this combined offering will enable us to make significant inroads globally, because we can compete both on quality and price."



Highlands has a track record of producing premium CBD flower. In April 2021 it concluded its fourth and most successful harvest at its Kolojane facility in Lesotho. The outdoor harvest, which is ISO 22000 certified, yielded almost 6-tonnes of premium cannabis flower and trim; a significant portion of the harvest is destined for the European medical cannabis market.

Highlands will continue to supply bulk CBD and THC flower, distillate and isolate to global medical and wellness markets.



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20 Jan 2021



Goodleaf's Schewitz says that consumers are increasingly demanding quality products with a known origin. "Lesotho's pristine growing environment, combined with Highlands commitment to GACP (Good Agricultural and Collection Practices) and ISO 22000 standards, ensures we have access to a reliable, certified high-quality supply, as we scale-up and expand our offering to meet this need."



Euromonitor identifies 6 cannabis consumer archetypes

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Schewitz concludes, "This is a transformational transaction for Goodleaf. Finding a strategic partner in Highlands ensures that we are able to diversify our business into a fully seed-to-sale offering, further strengthening our presence as a leader in the South African cannabis market, and provides a low-cost production, manufacturing and distribution base for our extensive product range as we expand into global markets."

The merged entity will continue to trade as Goodleaf and Highlands Investments until further notice.

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