



Press Release

Date: 18 January 2022

HEADLINE:

SA cannabis giant Labat expands its retail business

BODY:

South Africa's Cannabis Holdings Group Labat Africa Limited is diversifying its healthcare offerings through large scale acquisitions and retail expansion. The company has acquired a 100% share in Miami-owned CBD lifestyle brand Echo Life which comprises of a diverse FMCG product portfolio and has obtained exclusive rights to distribute American pre-rolled hemp smokable Ace & Axle as well as their other products and will be launching Delta 8 soon.

These come off the back of Labat's listing on the Frankfurt Stock Exchange (FSE) and a R300-million cash injection from California-based GR Global Ventures in exchange for ordinary shares, funds of which will be allocated over a three-year period.

Echo Life and Ace & Axle will form part of Labat's retail portfolio that already includes Cannafrika, a medicinal and luxury CBD lifestyle brand with three outlets in South Africa and an online store and three more stores opening in the coming months. In addition, e-commerce exists for Cannafrika, Echo Life and Ace & Axle, respectively.

According to Labat's Group Executive for Business Development, Herschel Maasdorp, the company's expansion presents potential investors with a unique opportunity to diversify their stock portfolios as it comes with solid growth prospects. "Labat is a first mover in the cannabis economy and a market leader. We are involved across the value chain in the cannabis industry, from farming and manufacturing to beneficiation, distribution and, more recently, retail."



Labat not your typical cannabis group

Labat is going into the market with retail products that are compliant with health regulators.

Cannafrica's products, which include cannabidiol medicinal drops, edibles, and supplements, are aligned to South African Health Products Regulatory Authority (SAHPRA) regulations whereas Echo Life adheres to standards set out by the US Food & Drug Administration (FDA).

Labat's Director of Retail, David Roque, said being compliant with the respective authorities not only gives credibility to its products but also provides the consumer with peace of mind. "As with any emerging industry, there are a lot of new players, some of whom may not comply with regulations. Consumers are unaware of the contents of those products and its effects. We place great value in compliance so that the customer knows that Cannafrica and Echo Life products are safe and can be trusted."

The Ace & Axle pre-rolled hemp smokables is an interesting new addition to the market. Although it is not directly competing with tobacco products, Roque said the product is positioned as a healthier alternative to both the young adult segment of legal smoking age and for nicotine smokers looking to measurably cut down on cigarettes.

Ace & Axle is a premium choice retailing at R189 for a 20 pack, which is competitively priced for a market that is retailing these locally at around R300 for a pack.

Retail leap paid off

Labat leaped into retail in the thick of the Covid-19 pandemic when it opened its first of three Cannafrica stores in Cape Town in October 2020. It has since evolved the Willowbridge Cape Town store into a retail 2.0 offering, which is South Africa's first cannabis experience store and has also opened additional outlets in Johannesburg and Hartbeespoort as well as an online store. Investing in retail in mid-pandemic might have seemed counterintuitive. But it proved to be a bold step that has paid off.

Cannafrica's sales activities increased during and after the hard lockdown as consumers sought ways of maintaining their health.



“The pandemic placed a premium on wellness and self-care,” said Maasdorp. “CBD’s popularity rose because it showed that it can contribute towards promoting homeostasis by boosting [endocannabinoid](#) activity and therefore enhance immunity.”

Maasdorp said the substantial evidence that supports CBD’s anti-viral, anti-anxiety and anti-inflammatory properties made it highly attractive in the midst of a global pandemic. “With the impact of the lockdown reportedly causing depression, stress and anxiety among members of the public, CBD products provided some relief.”

CBD’s value might be in maintaining one’s health but Maasdorp cautions against making grand claims about the product’s curability. He said that education and research into the benefits of the product is still ongoing. “The most important thing for Labat Healthcare is to remain transparent and ethically accountable to ensure the company’s and the industry at large.”

Springboard into retail in Europe and US

Cannabis is transforming from a back-alley product to a sophisticated legal commodity.

Labat Healthcare CEO, Stanton van Rooyen, said its transition from the informal sector to a formal economy enhances Labat’s retail business, while it also offers a springboard to Europe and the USA through the FSE listing and its deals with American-based products.

“Labat’s responsibility is to ensure that we take the proposition of South Africa – with its quality raw materials and processing capabilities – to the globe by being part of the largest capital markets in Europe and the USA,” said Van Rooyen.

According to Statista, the USA is the globe’s biggest and most sophisticated cannabis market valued at US\$61-billion (R927-billion). Recreational cannabis alone is predicted to exceed \$40-billion (R619-billion) in annual sales by the year 2026.

Prohibition Partners, a cannabis market think-tank, predicted that Germany will continue to lead the European cannabis market as over a million German patients will have access to medical cannabis by 2024, and the German medical market alone will be worth €7.7 billion (R135-billion) by 2028.



Van Rooyen believes Labat’s global footprint can be extended largely through its retail portfolio. “It is evident that for us to engage the cannabis economy on a global stage, partnering with and acquiring international retail brands remain an integral part of our strategy. This will give us the opportunity to broaden our retail reach to international consumers as well as bring quality international products to South Africa.”

-END-

NOTE TO EDITORS:

Labat Africa Limited is a leading black-owned and managed Investment holdings group, headquartered in South Africa. The Group, founded in 1995 by Brian Van Rooyen and Victor Labat. We have been listed on the JSE since 1996. With investments in various sectors. Our vision is to be the number one healthcare company in South Africa with a focus on medicinal Cannabis. To utilize current skills and build on new skills to deliver world-class products. Execute product and process innovation through to market consumption and everything in between, we are driven by a passion for leadership, a commitment to drive the industry forward, and above all else, providing medical and wellness cannabis consumers the best possible solution

For more information visit www.labat.co.za

Distributed on behalf of Labat Africa by PR Powerhouse

Contact Information

Lebo Madiba

lebo@prpowerhouse.co.za

+27 82 392 5339