

Distell and Invenfin buy 40% stake in cannabis wellness brand Rethink

African liquor group Distell and Invenfin, the venture capital arm of Remgro, have entered into a partnership with Releaf Pharmaceuticals to share ownership in South African cannabis wellness brand Rethink.



Distell and Invenfin have each purchased a 20% stake in the Rethink brand and range of products to establish a three-way partnership, with a vision of building a compelling portfolio of cannabis-based brands across product categories in this growing sector.

Rethink was launched by Releaf Pharmaceuticals in October 2019. The product range includes CBD oils, capsules, teas and skincare products, which are available in leading national and independent pharmacies.

With its strong technical and regulatory expertise in the cannabis industry and a broad market footprint, Releaf Pharmaceuticals is responsible for the successful growth of Rethink, which is the first cannabis wellness brand to be endorsed by the Cannabis Research Institute.

In a joint statement, Distell and Invenfin said the new Rethink partnership brings together a set of complementary product, branding and commercial capabilities to build cannabis brand- and market leadership in South Africa and other major markets.

Cannabis market growth

With a worldwide shift towards legalisation of cannabis products, the sector is poised for growth with an estimated global market size of \$166bn. In South Africa, CBD preparations containing no more than 20mg per daily dose have been allowed to be sold legally since 2019.

CBD is a naturally occurring chemical in cannabis plants that has gained recognition as a natural alternative to conventional medicine for a variety of health concerns. Its application is expanding to cover different wellness needs such as the relief of minor symptoms such as pain, inflammation, restlessness and anxiety, made available in different products such as daily oils, capsules and teas.

The Department of Trade and Industry and the Agricultural Research Council have estimated that the current informal and formal cannabis industry in South Africa is worth R14bn and by 2024 this could rise to R28bn, 70% of the R44bn estimated African market.



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Broadening opportunities for cannabis wellness

Releaf Pharmaceuticals MD and responsible pharmacist, Martin Coetzer, said the backing of two reputable investors in Distell and Invenfin was a strong vote of confidence in the company's future which would enable it to step up development of new opportunities for cannabis wellness in South Africa and beyond.

"This is an incredibly exciting partnership that will help us to build Rethink's portfolio of cannabis-based products," said Coetzer.

Invenfin brings vast experience in venture capital and brand building, as well as international commercialisation, to the partnership, with past investments in consumer brands with strong South African provenance such as Bos iced tea, Amajoya Sweets, De Villiers Chocolate and Island Way Sorbet.

Invenfin's CEO Stuart Gast said the company is pleased to have closed this investment during lockdown. "We see Rethink as an attractive opportunity to build brands by leveraging the established expertise and market leadership position within Rethink and its partners. The business has big growth plans in a sector that is still in the very early stages of development, and we believe the team has the experience, vision and technical skills to achieve those objectives.

"Covid-19 has brought wellness even more rapidly into people's daily consciousness, and having access to trusted products in that space will be increasingly key for South African consumers."

As a producer and marketer of popular alcohol brands, Distell sees exciting opportunities to add value through its marketing and branding expertise.

Distell CEO Richard Rushton said: "Distell is committed to investing for growth on the principle of 'shared value'. The cannabis sector is still in its infancy and is primed for growth as legislation to control and legalise certain aspects of usage is developed. Our investment into the Rethink brand in partnership with Releaf Pharmaceuticals and Invenfin is a great fit with Distell's strategy to explore new growth opportunities.

"We will bring our existing supply chain and marketing expertise to help grow Rethink and collaborate with stakeholders to build this emerging sector with significant economic potential for South Africa."