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WEB EXCLUSIVE

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Cannabis Company Buying into Vegetables & Flowers

Jennifer Polanz

Aurora Cannabis Inc., a Canadian-based cannabis company that's in both the medical and recreational markets, just announced it is buying a controlling interest in a vegetable and ornamentals supplier for $45 million, with an additional $12 million being paid to shareholders over three years conditional on performance.

More specifically, a subsidiary of Aurora will have the controlling interest in Bevo Agtech Inc., one of the largest suppliers of propagated vegetables and ornamental plants in North America. Bevo also agreed to buy Aurora's Aurora Sky facility in Edmonton, Alberta, Canada, for non-cannabis production. That deal is worth up to $25 million from Bevo to Aurora over time, based on Bevo achieving certain milestones there.

According to the announcement from Aurora Cannabis, the transactions accomplish multiple strategies for both companies:

[bullet] Adding Bevo provides immediate positive cash flow and will allow Aurora to achieve its profitability plan for the first half of fiscal 2023.

[bullet] Repurposing the Aurora Sky facility will provide even greater revenue with minimal capital investment to retrofit it. It also allows Bevo, which currently has production acreage in Langley, Aldergrove and Pitt Meadows, B.C., to increase its production capabilities and extend its shipping range for its vegetable plants, flowers and grasses.

[bullet] It allows Aurora Cannabis the ability to leverage propagating capabilities via Bevo, which "is expected to enhance Aurora's existing genetics licensing business (Occo) to create healthy clones for sale and could potentially lead to large scale cannabis propagation across the industry."

[bullet] It brings on board Bevo's successful management team, which Aurora says has a "proven track record of achieving consistent revenue growth and driving EBITDA improvement through innovative agricultural processes."

Read the full announcement HERE.