

Ag & Vet Weekly



Monday January 30 - Friday February 3, 2023

All the news on ASX-listed agriculture and veterinary companies

- * **ASX UP, AVW-41 DOWN: SEAFARMS UP 11%; TASFOODS DOWN 14%**
- * **BEGA TO SELL VITASOY 49% FOR \$51m**
- * **APIAM BUYS 5 NSW CLINICS FOR \$11.2m CASH, SCRIP**
- * **BUBS H1 RECEIPTS UP 17% TO \$46.0m**
- * **TASFOODS RECEIPTS UP 2.8% TO \$71.7m**
- * **FOOD REVOLUTION H1 RECEIPTS UP 6% TO \$18m**
- * **ALTHEA H1 RECEIPTS UP 49% TO \$14.8m**
- * **NEXT SCIENCE RECEIPTS UP 12% TO \$15m**
- * **MURRAY COD H1 RECEIPTS UP 40% TO \$6m**
- * **RLF H1 RECEIPTS UP 1% TO \$6m**
- * **CANN H1 RECEIPTS UP 78% TO \$5.8m**
- * **WIDE OPEN AGRICULTURE H1 RECEIPTS UP 26.2% TO \$5.3m**
- * **CRESO RECEIPTS UP 29% TO \$8m, 2.01 QUARTERS CASH**
- * **ELIXINOL RECEIPTS DOWN 28% TO \$7m**
- * **EPSILON RECEIPTS DOWN 24% TO \$3.8m**
- * **NUFARM 47% REM REPORT 1st STRIKE, 51% BLOCK GREG HUNT RIGHTS**
- * **FOOD REVOLUTION NAME CHANGE, CONSOLIDATION, KENNETT EGM**
- * **ALTHEA TAKES \$2.2m OBSIDIAN CONVERTIBLE LOAN**
- * **ALTHEA TAKES \$2m LOAN; WELCOMES CANADA MARIJUANA CHANGE**
- * **CRESO LA PLATA LOANS; BUYS ABBY & FINN**
- * **MGC, MERCER REDUCE MINIMUM CONVERSION PRICE TO 1¢**
- * **PETER FINDLAY REPLACES BEGA CEO PAUL VAN HEERWAARDEN**
- * **EX-CRESO, ROOTS JAMES ELLINGFORD CHARGES ADJOURNED**
- * **TOM CAIRNS REPLACES MGC CFO ANGELA MARIE GRAHAM**

MARKET REPORT

The Australian stock market was up 0.62 percent on Friday February 3, 2023, with the ASX200 up 46.5 points to 7,558.1 points.

Eleven of the AVW-41 stocks were up, 20 fell, five traded unchanged and five were untraded.

Seafarms was the best, up 0.1 cents or 11.1 percent to one cent, with 4.8 million shares traded. MGC was up 10 percent; Clover climbed 7.3 percent; Next Science improved 6.8 percent; Murray Cod and Select Harvests were up more than three percent; Cann Group, Pharmaust and Wellnex rose more than two percent; with Elders and Rare Foods up by more than one percent.

Tasfoods led the falls, down 0.5 cents or 14.3 percent to three cents, with 208,615 shares traded. RLF lost 8.6 percent; Creso and Food Revolution were down five percent or more; Bega, Bubs and Wide Open fell four percent or more; Elixinol was down 3.7 percent; Ecofibre shed 2.1 percent; Althea, Apiam, Botanix, Cobram, Fonterra, Ridley and Terragen were down more than one percent; with Clean Seas, Costa, Nufarm and Synlait down by less than one percent.

APIAM ANIMAL HEALTH

Apiam says it will pay \$11.2 million for two mixed New South Wales animal veterinary businesses covering the towns of Singleton, Branxton, Merimbula, Pambula and Eden. Apiam said the businesses, to be acquired for \$8.7 million in cash and \$2.5 million in scrip on February 1 2023 were the Singleton Veterinary Hospital, with clinics in Singleton and Branxton, as well as the Merimbula, Pambula and Eden Veterinary Clinics, which were operated together by joint veterinarian founders.

The company said that the clinics were mixed animal clinics, with most revenues derived from rapidly expanding companion animal services and were expected to add about \$8.3 million in revenue and \$1.9 million in earnings before interest, taxation, depreciation and amortization (Ebitda) on a normalized basis, before accounting for any synergies.

Apiam managing-director Dr Chris Richards said the acquisitions were “attractive entry points into strategic regions ... where increasing regional populations and household pet ownership have driven significant growth in animal numbers”.

“We see strong potential to use these locations as a base to launch our product and services such as our Best Mates and Pro-Dairy programs through these regions, initiatives that are driving strong organic growth across our existing and recently acquired clinics,” Dr Richards said.

The company said the Singleton business in the lower Hunter Valley region serviced pets, livestock and exotic animals and had 19 full-time equivalent staff, including eight veterinarians.

Apiam said the Merimbula, Pambula and Eden clinics were in the South Coast region and together employed six veterinarians and a total of 11 full-time equivalent staff.

The company said that acquisitions meant it had nine clinics in New South Wales.

The company said that all shares issued to the vendors were subject to 12-months escrow with 50 percent to be escrowed for 24-months.

Apiam fell one cent or 1.6 percent to 62.5 cents.

BEGA CHEESE

Bega says its 49 percent holding in Vitasoy Australia Products Pty Ltd has been valued at \$51 million and will be acquired by Vita International Holdings at that price.

In October, Bega said that Hong Kong's Vita International Holdings intended to buy Bega's 49 percent interest in its joint venture Vitasoy Australia Products Pty Ltd, at an undecided price (AVW: Oct 21, 2022).

The company said at that time that it acquired the 49 percent interest in Vitasoy Australia as part of its \$534 million acquisition of Sydney-based Lion Dairy & Drinks, and that Vita International held the remaining 51 percent interest, as well as "change of control" rights. In November, Bega said Vita International's \$27.5 million offer to buy Bega's 49 percent interest in its joint venture Vitasoy Australia Products was "substantially less than the fair value" (AVW: Nov 4, 2022).

This week Bega said the 49 percent of Vitasoy Australia held by subsidiary National Foods Holdings had a fair value "determined by an expert as \$51 million".

Bega fell 15 cents or four percent to \$3.64 with three million shares traded.

BUBS AUSTRALIA

Bubs says receipts from customers for the six months to December 31, 2022 was up 17.2 percent to \$45,976,000 compared to the previous corresponding period.

Bubs said receipts for its dairy and infant formula products for the three months to December 31, 2022 fell 41.3 percent to \$14,035,000 compared to the prior period.

Throughout last year, Bubs said it had received US Food and Drug Administration approval to import infant formula products into the US.

The company said it had a \$13,493,000 cash burn with cash and equivalents of \$51,416,000 at December 31, 2022, compared to \$30,635,000 at December 31, 2021.

Bubs fell 1.5 cents or 4.8 percent to 30 cents with 10.1 million shares traded.

TASFOODS

Tasfoods says receipts from customers for the year to December 31, 2022 was up 2.8 percent to \$71,679,000 compared to the prior corresponding period.

Tasfoods said receipts for its dairy, poultry and horticultural products for the three months to December 31, 2022 were up 0.25 percent to \$18,707,000 compared to the previous corresponding period.

The company said it had a \$1,854,000 cash burn with cash of \$357,000 and unused finance of \$3,260,000 at December 31, 2022, compared to \$1,417,000 the previous year.

Tasfoods fell half a cent or 14.3 percent to three cents.

FOOD REVOLUTION GROUP

Food Revolution says receipts from customers for the six months to December 31, 2022 was up 5.8 percent to \$18,302,000 compared to the prior corresponding period.

Food Revolution said receipts for its juice drink products for the three months to December 31, 2022 were up 4.4 percent to \$9,574,000 compared to the previous corresponding period.

The company said it had a cash burn of \$501,000 for the three months to December 31, 2022, with cash and cash equivalents of \$733,000, compared to \$878,000 at December 31, 2021, with \$1,000,000 received after the December 31 cut-off date.

Food Revolution fell 0.2 cents or 5.9 percent to 3.2 cents.

ALTHEA GROUP

Althea says receipts from customers for the six months to December 31, 2022 was up 49.1 percent to \$14,758,000 compared to the previous corresponding period.

Althea said receipts for its recreational marijuana products for the three months to December 31, 2022 were up 22.4 percent to \$6,638,000 compared to the prior period.

The company said it had a \$2,154,000 cash burn with cash and equivalents of \$3,433,000 at December 31, 2022, compared to \$10,254,000 at December 31, 2021.

Althea said it had a loan of \$C2 million (see below).

Althea fell 0.1 cents or 1.8 percent to 5.4 cents with 2.8 million shares traded.

NEXT SCIENCE

Next Science says customer receipts for the year to December 31, 2022 rose 12.0 percent to \$US10,657,000 (\$A15,024,000) compared to the previous corresponding period.

Next Science said that receipts from sales of its wound treatments for the three months to December 31, 2022 fell 0.95 percent to \$US2,919,000 compared to the prior period.

The company said it had a cash burn for the three months of \$US2,779,000 with cash of \$US5,111,000 at December 31, 2022 compared to \$US7,368,000 at December 31, 2021.

Next Science was up four cents or 6.8 percent to 62.5 cents.

MURRAY COD AUSTRALIA

Murray Cod says receipts from customers for the six months to December 31, 2022 was up 39.6 percent to \$6,073,000 compared to the prior corresponding period.

Murray Cod said its receipts from customers for its sales of Murray cod to hospitality venues and supermarkets for the three months to December 31, 2022 fell 7.4 percent to \$2,780,000 compared to the previous corresponding period.

The company said that it had a cash burn of \$3,456,000 for the three months to December 31, 2022, with cash of \$17,000,000 compared to \$29,283,000 at December 31, 2021.

Murray Cod was up half a cent or 3.45 percent to 15 cents.

RLF (RURAL LIQUID FERTILISERS) AGTECH

RLF says receipts from customers for the six months to December 31, 2022 was up 0.6 percent to \$6,045,000 compared to the prior corresponding period.

RLF said receipts for its commercial agriculture nutrition products for the three months to December 31, 2022 were \$3,825,000.

The company said it had a \$245,000 cash burn with cash and equivalents of \$5,146,000 at December 31, 2022, compared to \$2,004,850 at December 31, 2021.

RLF fell 1.5 cents or 8.6 percent to 16 cents.

CANN GROUP

Cann says receipts from customers for the six months to December 31, 2022 was up 77.7 percent to \$5,758,000 compared to the prior corresponding period.

Cann Group said receipts from customers for its medical marijuana products for the three months to December 31, 2022 was up 87.75 percent to \$3,325,000.

The company said it had a \$3,900,000 cash burn with cash and cash equivalents of \$7,240,000 compared to \$10,765,000 at December 31, 2021.

Cann Group was up half a cent or 2.7 percent to 19 cents.

WIDE OPEN AGRICULTURE

Wide Open Agriculture says customer receipts for the six months to December 31, 2022 rose 26.2 percent to \$5,344,000 compared to the prior corresponding period. Wide Open Agriculture said that receipts, primarily from its Dirty Clean Foods plant-based milk substitute products and other plant-based food substitutes, for the three months to December 31, 2022 improved 14.3 percent to \$2,405,000.

The company said it had a cash burn of \$3,052,000 for the three months to December 31, 2022, with cash and cash equivalents of \$11,263,000 at December 31, 2022, compared to \$26,219,000 at December 31, 2021.

Wide Open fell one cent or 4.55 percent to 21 cents.

CRESO PHARMACEUTICALS

Creso says receipts from customers for the year to December 31, 2022 was up 29.2 percent to \$8,281,000 compared to the prior corresponding period.

Creso said receipts for its marijuana products for the three months to December 31, 2022 were up 27.4 percent to \$2,905,000 compared to the previous corresponding period.

The company said it had a \$3,430,000 cash burn for the three months to December 31, 2022, with cash and equivalents of \$1,349,000 at December 31, 2022, compared to \$7,062,000 at December 31, 2021.

Creso said that with its additional finance facilities it had 2.01 quarters of cash.

Creso fell 0.1 cents or five percent to 1.9 cents with 21.6 million shares traded.

ELIXINOL WELLNESS

Elixinol says receipts from customers for the year to December 31, 2022 was down 27.5 percent to \$6,999,000 compared to the prior corresponding period.

Elixinol said receipts from its hemp foods and marijuana products for the three months to December 31, 2022 were down 22.0 percent to \$1,786,000 compared to the previous corresponding period.

The company said it had a \$1,717,000 cash burn with cash and equivalents of \$2,864,000 at December 31, 2022, with a further \$1.5 million expected from the US Government in Covid-19 relief, compared to \$12,649,000 at December 31, 2021.

Elixinol fell 0.1 cents or 3.7 percent to 2.6 cents.

EPSILON HEALTHCARE (FORMERLY THE HYDROPONICS CO)

Epsilon says receipts from customers for the 12 months to December 31, 2022 fell 23.6 percent to \$3,805,000 compared to the prior corresponding period.

Epsilon said its receipts from customers for its marijuana products for the three months to December 31, 2022 were up 202.4 percent to \$1,385,000 compared to the previous corresponding period.

The company said that it had a cash burn of \$868,000 for the three months to December 31, 2022, with cash and equivalents of \$811,000 compared to \$2,335,000 at December 31, 2021, with \$950,000 in unused finance facilities available providing 2.03 quarters of cash.

Epsilon was unchanged at 2.3 cents.

NUFARM

Nufarm says shareholders voted 47 percent against the remuneration report, with 51 percent opposing the issue of 272,227 share rights to managing-director Greg Hunt. Nufarm said that its annual general meeting delivered a remuneration report first strike with 135,561,590 votes (46.95%) against and 153,160,653 votes (53.05%) in favor. Under the Corporations Amendment (Improving Accountability on Director and Executive Remuneration) Act 2011 any company sustaining a vote of 25 percent or more against the remuneration report in two successive annual meetings is required to vote on a board spill and if passed the directors must stand for re-election.

Nufarm said the issue of 272,227 rights at \$5.95 a right, worth \$1,619,888, pending milestones, to Mr Hunt was defeated with 147,877,850 votes (51.16%) against and 141,173,477 votes (48.84%) in favor (AVW: Dec 22, 2022).

The company said shareholders voted to elect directors Alexandra Gartmann, John Gillam, Marie McDonald, Gordon Davis and Peter Margin but with 8.11 percent to 11.84 percent opposition.

Nufarm said resolutions on the proportional takeover approval provisions and an employee share plan passed easily.

Nufarm's most recent notification said the company had 380,417,503 shares on issue, meaning that the votes against Mr Hunt's share rights amounted to 38.9 percent of the company, sufficient to request extraordinary general meetings.

Nufarm fell three cents or 0.5 percent to \$5.71 with 802,067 shares traded.

FOOD REVOLUTION GROUP

Food Revolution says shareholders will vote to change the company's name, hold a four-to-one consolidation and elect Jeffrey Gibb Kennett as director.

Food Revolution said its extraordinary general meeting would vote to change its name from The Food Revolution Group to The Original Juice Company.

The company said the meeting would vote on the four-to-one consolidation and to elect the former Premier of Victoria Mr Kennett as a director.

The meeting will be held online on March 6, 2023 at 10am (AEDT).

Food Revolution fell 0.2 cents or 5.9 percent to 3.2 cents.

ALTHEA GROUP HOLDINGS

Althea says it has taken a 12-month, \$2,200,000 convertible loan with the New York-based Obsidian Global Partners.

Althea said that each convertible note had a face-value of \$US1.15 (\$A1.63), and was to be paid within 12-months without interest.

The company said the loan had a conversion option of a fixed price equal to a 30 percent premium to the five-day volume weighted average price or a 10 percent discount to the average of the lowest 3-day volume weighted average price.

Althea said the loan included 4,800,000 options exercisable at 200 percent of the five trading days immediately prior to mutual execution of the relevant agreement.

The company said it would pay a six percent "origination fee" as well as \$15,000 in upfront legal costs.

ALTHEA GROUP HOLDINGS

Althea says it has a \$C2 million (\$A2.1 million) loan from unnamed lenders and welcomes Health Canada amendments to the Cannabis Act increasing purchase limits.

Althea said the loan was at 15 percent per annum for 12-months, guaranteed by a first-ranking charge/mortgage against its Solar Crescent, Ontario property, with a pre-payment penalty of the lesser of three months accrued interest or all remaining unpaid interest to the end of the loan, along with 2,500,000 options exercisable at 12.6 cents in two years. Althea chief executive officer Joshua Fegan said the company was “extremely confident in our goal of achieving group cash flow positivity [by April] 2023 and this loan facility provides [Althea] with the flexibility to continue to launch new products at pace, while providing shareholders with additional investment comfort and further validation of the company’s robust financial controls”.

Althea said Health Canada had approved adults being able to possess up to 17.1 litres (equal to 48 x 355ml cans) of infused-cannabis beverages in public for recreational purposes, from the previous limit of about 2.1 litres (equal to five x 355ml cans).

The company said that the change brought the cannabis beverage market more in line with the alcohol market, where consumers are accustomed to being able to purchase beverages in packs of 6, 12, 24 or 48 cans.

CRESO PHARMA

Creso says it has a change of loan agreement La Plata Capital LLC, and will acquire Abby and Finn LLC for \$US1 million (\$A1.4 million) in scrip and \$US270,000 in notes

Creso said it would repay \$US717,500 in cash and swap \$US1,282,500 for secured convertible notes valued at \$US1,282,500 of the Denver, Colorado-based La Plata’s \$US2 million loan to Sierra Sage Herbs.

The company said that “the expected retirement of a portion of the La Plata obligation would significantly clean and simplify the balance sheet while providing further alignment between the two companies”.

Creso said that Everblu Capital Pty Ltd had waived its right to a cash fee for its role in facilitating the transaction but would be entitled to 74,125,134 options exercisable at eight cents each within four years.

Former Creso chair Adam Blumenthal is the chair of Everblu.

The company said that each convertible note was worth \$US67,500 and the interest rate was a flat 30 percent per annum, maturing at six months and secured against its Mernova cannabis cultivation facility in Nova Scotia.

Creso said that the investors would receive 1,000,000 options per \$US67,500 invested, regardless of whether they convert to equity, or were repaid in cash, with the options exercisable at eight cents each and expiring four years from shareholder approval for the acquisition of Sierra Sage.

Last August, Creso said that it had firm commitments for a \$7 million placement at four cents a share to fund its acquisition of the Lyons, Colorado-based Sierra Sage Herbs LLC (AVW: Aug 5, 2022).

This week, Creso said the conversion of notes was solely at the lender’s election, otherwise repayment was due six months from investment date.

The company said the conversion price was 5.0 cents a share with one attaching option for every four shares converted, exercisable at eight cents each within four years.

Creso said it would acquire the Denver, Colorado-based Abby and Finn LLC, a provider of products for babies including baby wipes and nappies, which were “plant based and free of chlorine, alcohol, paraben, oil and cruelty”.

MGC (MEDICAL GRADE CANNABIS) PHARMA

MGC says with Mercer Street Global Opportunity Fund it has agreed to reduce the minimum conversion price of convertible notes from 1.4 cents to 1.0 cent.

MGC said the minimum price change for notes issued after December 23, 2022 and the 586,432 notes issued on December 28 was one cent; and, subject to shareholder approval, the companies agreed to amend the minimum conversion price of convertible notes issued before December 23, 2022 to not less than one cent.

MGC said the change included the \$2,100,000 in convertible securities which were due to mature in November 2022, by extending the maturing date to February 1, 2024.

In 2020, the company said that Mercer conditionally agreed to provide up to \$15 million for convertible notes with a face value of \$1.00 each (AVW: Sep 11, 2020).

This week, MGC said that in consideration for the variation, it agreed to issue Mercer 50,000,000 unlisted options exercisable at 1.3 cents each by June 30, 2025.

The company said 3,410,000 convertible notes issued prior to December 23, 2022 and 586,432 convertible notes issued after December 23, 2022, remained on issue.

In 2021, MGC listed on the London Stock Exchange having raised GBP6.5 million (\$A11.6 million) at 1.475 pence a share and closed that day at 2.38 pence (AVW: Feb 12, 2021).

For much of this year, MGC has closed in London at 0.55 pence or 0.95 cents.

MGC was up 0.1 cents or 10 percent to 1.1 cents with 1.6 million shares traded.

BEGA GROUP

Bega says Pete Findlay will replace six-year chief executive officer Paul van Heerwaarden, effective from February 3, 2023.

Last year, Bega said that Pete Findlay would replace Mr Paul van Heerwaarden "in the coming months" (AVW: Oct 28, 2022).

The company said Mr Findlay was appointed chief financial officer in 2019 and chief operating officer in 2022.

CRESO PHARMA, ROOTS SUSTAINABLE AGRICULTURAL TECHNOLOGIES

The Southport Magistrates Court says that the matter involving former Creso executive director and Roots director James Anthony Ellingford, 57, has been adjourned.

Last year Mr Ellingford was bailed on six charges including contravention of a domestic violence order and stalking (AVW: Dec 2, 2022).

An officer of the Southport Magistrates Court, on Queensland's Gold Coast, told Ag & Vet Weekly at that time that Mr Ellingford appeared before Magistrate Janice Crawford on Friday November 25, 2022 charged with: two counts of contravention of a domestic violence order; one count of unlawful stalking; and three counts of "improper use of emergency call services, vexatious".

Today, the Court told Ag & Vet Weekly the matter had been adjourned to March 1, 2023.

MGC PHARMACEUTICALS

MGC says its UK-based group financial controller Tom Cairns will replace chief financial officer Angela Marie Graham as chief accounting officer.

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