

Ag & Vet Weekly



Tuesday April 11 - Friday April 14, 2023

All the news on ASX-listed agriculture and veterinary companies

- * **ASX, AVW-41 UP: CRESO, MGC UP 10%; ROOTS DOWN 43%**
- * **MGC RAISES \$4.4m, \$2.8m NOTES, TERM SHEET**
- * **ROOTS RAISES \$650k; \$200,000 LOAN; RIGHTS OFFER FOR \$750k MORE**
- * **CRESO: '\$2m RAISE INCLUDES \$369k FOR DEBTS'**
- * **ALTHEA RECORD RECEIPTS UP 62% TO \$8.9m**
- * **CLEAN SEAS BUYS \$5.7m AUTOMATED FEED BARGE**
- * **WELLNEX 2023 GUIDANCE UP 55% TO \$29m; 2024 UP 63% TO \$47m**
- * **AGRIFUTURES 2023 HORIZON \$220k SCHOLARSHIP WINNERS**
- * **MGC UK APPROVES MARIJUANA CANNEPIL FOR 'NAMED PATIENTS'**
- * **L1 CAPITAL TAKES 7.5% OF NUFARM**
- * **PHARMAUST: CEO WANTED**
- * **KATRINA RATHIE REPLACES BUBS CHAIR DENNIS LIN; REG WEINE**
- * **SEAFARMS LOSES DIRECTORS TERUTAKA KURAISHI, HISAMI SAKAI**

MARKET REPORT

The Australian stock market was up 0.51 percent on Friday April 14, 2023, with the ASX200 up 37.5 points to 7,361.6 points. Seventeen of the AVW-41 stocks were up, 13 fell, nine traded unchanged and two were untraded.

Creso and MGC were equal best, both up 0.1 cents or 10 percent to 1.1 cents, with 4.7 million and 1.7 million shares traded, respectively. Althea climbed 9.4 percent; Clean Seas was up 6.1 percent; Epsilon rose 5.6 percent; Nanollose and Original Juice improved four percent or more; Murray Cod and Tasfoods were up more than three percent; Costa, RLF and Select Harvests rose two percent or more; A2, Australian Agricultural, Botanix and Nufarm improved one percent or more; with Bega up 0.3 percent.

Roots led the falls, down 0.6 cents or 42.9 percent to 0.8 cents with 158,640 shares traded. Seafarms lost 16.7 percent; Wide Open was down 8.3 percent; Anatara shed 6.25 percent; Pharmaust fell 5.7 percent; Clover and Elixinol were down more than four percent; Fonterra was down 3.5 percent; Ecofibre shed 2.9 percent; Elders and Ridley were down one percent or more; with Cobram and Next Science down by less than one percent.

MGC PHARMACEUTICALS

MGC says it has raised GBP2,347,480 (\$A4,369,207) in a placement at 0.44 pence or 0.8 cents a share and a broker option to high net-worth investors.

MGC said that the placement raised GBP2,090,890, and the broker option raised GBP256,590.

The company said it would issue one attaching option for every two shares bought under the placement, binding term sheet and broker option, exercisable at 1.2 cents each by April 12, 2024.

In a previous announcement, MGC said it had raised GBP1,204,525 in the placement and the broker option could raise up to GBP750,000.

In that announcement, the company said it would issue GBP891,000 in convertible notes and raise a further GBP629,775 from a binding term sheet.

The company said the binding term sheet was with Cantheon Capital to fund its Cannepil oral marijuana drug for epilepsy phase IIb trial, and would be issued in tranches to cover the costs of the study.

MGC was up 0.1 cents or 10 percent to 1.1 cents with 1.7 million shares traded.

ROOTS SUSTAINABLE AGRICULTURAL TECHNOLOGIES

Roots says it has “firm commitments” to raise \$650,000 through a placement of Chess depository instruments (CDIs) at 0.827 cents each, and will borrow \$200,000.

Roots said the placement to sophisticated and professional investors was at a 25 percent discount to the five-day volume weighted average price, and would come with one attaching option per share, exercisable at 1.03 cents each within four years.

The company said it hoped to raise an additional \$750,000 from a rights issue shortly after settlement of the placement.

Roots said it had borrowed \$200,000 from Aldo Sacco, an “unrelated party of the company” at 20 percent per year, pending shareholder approval, and would be repaid by the issue of 28,755,528 CDIs at 0.827 cents each, worth \$237,808, by June 8, 2023.

The company said that the loan had been arranged by Everblu Capital whose chair Adam Blumenthal was currently a Roots director and would receive six percent of the total loan funds.

Roots also said it had agreed to issue CDIs, at the same price as the placement, in lieu of cash and loans to creditors and lenders, with 3,225,514 CDIs to be issued to Sydney’s Six Degrees for investor relations services; a combined 13,893,954 CDIs to be issued to directors Boaz Wachtel, Sharon Devir, Dafna Shalev-Flamm and Graeme Smith; 2,519,105 CDIs to be issued to chief financial officer Moshe Hukaylo; with 29,673,156 CDIs to be issued to pay off “short-term loans” and 6,045,949 additional CDIs to repay Mr Wachtel’s \$50,000 loan, subjective to shareholder approval.

The company said director Adam Blumenthal intended to participate in the placement, with \$150,000 from him and \$150,000 from Suburban Holdings, a related party.

Roots said Mr Blumenthal’s Everblu Capital was lead manager for the placement and would receive six percent of the funds raised, as well as 10,000,000 of the free attaching options and 10,000,000 CDIs, subject to shareholder approval.

The company said the proceeds from the placement would be used to pay existing credit and debt, as well as help fund sales and marketing, operating expenses, legal and administrative costs and working capital.

Last week, the company requested a trading halt, followed by a voluntary suspension and two further extensions of the suspension (AVW: Apr 6, 2023).

Roots fell 0.6 cents or 42.9 percent to 0.8 cents.

CRESO PHARMA

Creso says that its February placement raised \$1,632,000, at 1.506 cents a share, with a further \$368,862 in shares comprising offsets against company debts.

In February, Creso said it had “firm commitments” to raise \$2 million in a placement to institutional, professional and sophisticated investors, which would be used to complete its psilocybin for post-traumatic stress disorder trial (AVW: Feb 17, 2023).

The company said the \$1,632,000 million included \$100,000 from managing-director William Lay, pending shareholder approval to be sought in or around May 2023.

After the market closed for Easter Thursday, Creso said that of the \$2 million raised, \$368,862 in subscriptions were “offset against invoices owed by the company” including \$225,000 to Achievement Nominees Pty Ltd for legal services provided by the Perth-based Steinepreis Paganin, \$57,862 to EAS Advisors for advisory services and \$86,000 for Sydney’s Six Degrees Group Holdings Pty Ltd for investor relations services.

Creso was up 0.1 cents or 10 percent to 1.1 cents with 4.7 million shares traded.

ALTHEA GROUP HOLDINGS

Althea says customer receipts for the three months to March 31, 2023 was up 61.8 percent to \$8,911,000, compared to \$5,509,000 in the previous corresponding period.

Althea said its subsidiary Peak Processing Solutions had \$5.15 million in sales of its recreational marijuana products compared to \$2.8 million in the prior corresponding period.

The company and that it had \$3.75 million in sales of its pharmaceutical marijuana CBD25 compared to \$2.7 million in the prior period.

Althea said its first recreational marijuana products included its Teapot Lemon Black and Sweet Justice branded infused-cannabis beverages.

The company said its pharmaceutical cannabis included its Althea CBD25 soft gel capsule and its 5gm or 10gm packs of dried cannabis flower.

Althea said it had a cash burn of \$1,638,000 for the three months to March 31, 2023, with cash and cash equivalents of \$5,297,000 compared to \$7,887,000 at March 31, 2022.

Althea was up half a cent or 9.4 percent to 5.8 cents with 3.3 million shares traded.

CLEAN SEAS SEAFOOD

Clean Seas says it has bought a \$5.7 million automated feed barge from Southern Ocean Solutions for its Arno Bay Yellowtail Kingfish farm, to be delivered in 2024.

Clean Seas said the automated, remotely dispensed, 650-tonne capacity feed barge would reduce production costs, enhance operational efficiencies, stability and productive capacity and allow feed to be dispensed regardless of weather.

The company said the purchase would be made with funds from its \$14.0 million undrawn senior debt facility and be paid progressively during the construction period of the vessel with a final payment of 10 percent after delivery.

Clean Seas chief executive officer Rob Gratton said the long-term asset purchase was a significant milestone for the company.

“Our recently reported positive cash flow and the transition to profitability has allowed us to make this significant and exciting investment which clearly demonstrates our confidence and aspirations,” Mr Gratton said.

Clean Seas was up three cents or 6.1 percent to 52 cents.

WELLNEX LIFE

Wellnex says it expects to reach its revenue guidance of \$29 million for the year to June 30, 2023, a 55 percent increase on the prior corresponding period.

Wellnex said over the last 18 months it had “launched or acquired five new brands and secured intellectual property licencing agreements with some large domestic and international pharmaceutical companies”.

The company said it expected revenue and margins on its marijuana and Pharmacy Own over-the-counter products to increase further in the year to June 30, 2024, with guidance up 63 percent to \$47.2 million.

Wellnex chief executive officer George Karafotias said that over the last 18 months the company had been “laying the foundations to be a significant player in the health care market and that work is starting to pay dividends.”

Wellnex was unchanged at 6.8 cents.

AGRIFUTURES

Agrifutures says it has awarded 22 Australian students 2023 Horizon Scholarships, which included a \$10,000 bursary over two years.

Agrifutures said winners would attend an annual four-day professional development workshop and complete two weeks of industry placement each year with costs covered by their sponsors.

The organization said students were paired with industry partners that aligned with their career aspirations and industry experiences, which allowed them to network with industry leaders and learn new skills.

Agrifutures Australia managing director John Harvey recipients had an “exceptional passion, ambition, and commitment to agriculture [which] distinguished them from a talented pool of applicants”.

The list of Agrifutures scholarship winners, their institution and sponsors is at:

<https://agrifutures.com.au/news/2023-agrifutures-horizon-scholarship-winners-announced/>.

MGC PHARMACEUTICALS

MGC says its Cannepil oral marijuana drug for drug-resistant epilepsy can be prescribed by UK General Medical Council doctors by “named patient request”.

MGC said the UK named patient request followed Cannepil being used in an observational trial supported by the ‘I am Billy Foundation’ (AVW: Mar 17, 2023).

Today, MGC chief executive officer Roby Zomer said the product would “now be available to a wide cohort of specialist medical practitioners in the UK ... [which was] another material milestone for the company”.

NUFARM

Melbourne’s L1 Capital says it has increased its substantial share-holding in Nufarm from 24,329,303 shares (6.39%) to 28,626,243 shares (7.52%).

L1 Capital Pty Ltd said it bought the shares between March 27 and April 13, 2023, with the single largest purchase 1,121,377 shares for \$6,437,834 or \$5.74 a share.

Nufarm was up six cents or one percent to \$5.82 with 569,108 shares traded.

PHARMAUST

Pharmaust says it has begun a search for a new Australia-based chief executive officer. Pharmaust said it was seeking a person with “strong knowledge in [US Food and Drug Administration] certification and global licencing agreements”.

The company said the chief executive officer would “display proven abilities in regular contact and communication with the investment community”.

Pharmaust said executive chair Dr Roger Aston would transition to a non-executive role. Pharmaust fell 0.6 cents or 5.7 percent to 9.9 cents.

BUBS AUSTRALIA

Bubs says that non-executive director Katrina Rathie has replaced chair Dennis Lin, with Reg Weine appointed a non-executive director, effective from April 6, 2023.

Bubs said Ms Rathie was appointed a non-executive director in July 2021, was also a non-executive director of Australia’s multi-cultural broadcaster the Special Broadcasting Service and had more than 35 years’ experience at law firm King & Wood Mallesons.

The company said given the “recent deterioration in Bubs financial performance over the half year [it] considered that the time is right for a change in leadership and to change the governance framework of the company to ensure that it aligns with ASX corporate governance principles and best practice”.

Bubs said it thanked Mr Lin “for his contribution to the company over several years”.

The company said Mr Weine had 25 years’ experience in agricultural food and fast-moving consumer goods and was formerly Coca Cola Amatil SPC Ardmona managing-director, Bulla Dairy Foods chief executive officer and Blackmores head of sales.

Bubs said that Mr Weine was a director of Maggie Beer Holdings and held a Bachelor of Business from Melbourne’s Monash University.

Bubs was unchanged at 21 cents.

SEAFARMS GROUP

Seafarms says Terutaka Kuraishi and Hisami Sakai have resigned as directors of the company, Project Sea Dragon Pty Ltd and associated companies, effective April 13, 2023.

Seafarms said Mr Kuraishi was a non-executive director of Seafarms Group and an alternative director for Project Sea Dragon, Seafarms Queensland and Seafarms Hinchinbrook, while Mr Sakai was a director of Project Sea Dragon, Seafarms Queensland and Seafarms Hinchinbrook and an alternate director of Seafarms Group.

In March, the company said it had a deed of company arrangement to retake control of Project Sea Dragon, but in April said that it had been served orders for the deed to be terminated and a liquidator appointed (AVW: Mar 31, Apr 6, 2023).

This week, Seafarms chief executive officer Rod Dyer thanked Nissui’s Mr Sakai and Mr Kuraishi and said he was “pleased the Nissui Corporation has expressed a desire to remain involved with the future of Seafarms Group and Project Sea Dragon.”

“Despite recent challenges, the directors of Seafarms Group remain confident in the future of Project Sea Dragon and are ... working towards finalizing the development of an update business case for board review,” Mr Dyer said.

Seafarms fell 0.1 cents or 16.7 percent to 0.5 cents with 21.8 million shares traded.