

Ag & Vet Weekly



Tuesday June 13 - Friday June 16, 2023

All the news on ASX-listed agriculture and veterinary companies

- * **ASX, AVW-42 UP: ELIXINOL UP 7%; MELODIOL (CRESO) DOWN 18%**
- * **NZ COURT ORDERS FONTERRA \$725m CAPITAL RETURN EGM**
- * **COBRAM EXPECTS CROP 20-25% BELOW FORECAST**
- * **WELLNEX PLACEMENTS, RIGHTS TO RAISE \$27.5m**
- * **CANN GROUP: 1-FOR-4 RIGHTS OFFER FOR \$11.7m**
- * **SEAFARMS CONTINUES PROJECT SEA DRAGON, PENDING FUNDING**
- * **MICROBIOGEN SHOWCASES WASTE-TO-ANIMAL FEED**
- * **AUSCANN SELLS \$6.7m PERTH FACILITY TO OPTRAL**
- * **CANN GROUP: HALEON CANCELS SATIPHARM MARIJUANA TRIAL DEAL**
- * **HARRY HALL REPLACES NEXT SCIENCE M-D JUDITH MITCHELL, ON \$655k**

MARKET REPORT

The Australian stock market was up 1.06 percent on Friday June 16, 2023, with the ASX200 up 75.9 points to 7,251.2 points. Fourteen of the AVW-42 stocks were up, nine fell, 10 traded unchanged and nine were untraded.

Elixinol was the best, up 0.1 cents or 7.1 percent to 1.5 cents, with 392,726 shares traded.

Memphasys climbed 6.25 percent; Clean Seas was up three percent; Althea and Rare Foods rose more than two percent; A2, Clover, Fonterra, Next Science, Nufarm and Ridley were up more than one percent; with Bega, Costa and Elders up by less than one percent.

Melodiol Global Health (formerly Creso Pharma) led the falls, down 0.15 cents or 17.65 percent to 0.7 cents, with 54.7 million shares traded.

Sustainable Nutrition lost 12.5 percent; Bubs fell 6.1 percent; Original Juice and Pharmaust were down more than three percent; Cobram shed 2.9 percent; Synlait was down 1.9 percent; with Australian Agricultural and Select Harvests down by less than one percent.

FONTERRA SHAREHOLDERS FUND

Fonterra says it the High Court of New Zealand has ordered a general meeting to approve a scheme of arrangement for a \$NZ800 million (\$A725 million) capital return.

Fonterra said that if approved by shareholders the scheme would return about \$NZ800 million to shareholders and would include the repurchase and cancellation of one in every six shares held by each shareholder, as well as all rights attached to those shares.

The company said the capital return would include a subdivision of shares not repurchased so as each shareholder would end up with the same total number of shares as they held prior to the repurchase.

Fonterra said under the scheme each shareholder would receive a cash sum of \$NZ3.00 for each share repurchased and cancelled, which was equivalent to 50 NZ cents for each of the six shares.

Fonterra said the capital return would have a record date of August 10 and an implementation date of August 11, with the meeting to seek shareholder approval to be held virtually at 10:30am (NZST) on July 12, 2023.

Fonterra was up five cents or 1.6 percent to \$3.23.

COBRAM ESTATE OLIVES

Cobram says it expects the yield of its Australian olives to be 20-to-25 percent below initial forecast due to cold and shorter growing season.

Last month, Cobram said annual oil production in Australia would be about 15 percent lower than the historical average but still expects a “significantly higher” crop yield than 2022, and expected to finish the harvest by the end of this month (AVW: May 5, 2023).

Today, the company said that after harvesting about 60 percent of its Australian crop, the combined production of its two Australian groves was expected to between 12.6 million and 13.2 million litres, compared to 9.5 million in the previous year.

Cobram said the reduced forecast was due to the weather conditions in the growing season “delivering lower-than-average oil content in the fruit combined with smaller fruit sizes”.

Cobram said it still expected to complete the harvest by the end of the month and that it would have sufficient supply with its third-party oil marketed by the company to meet the requirements of its packaged goods sales plan over the next 12 months.

Cobram fell 3.5 cents or 2.9 percent to \$1.155.

WELLNEX LIFE

Wellnex says it will raise \$2.2 million and \$20 million in two placements at five cents a share, with about \$5.3 million more from a one-for-four entitlement offer.

Last month, Wellnex said it would buy the Sydney-based Pain Away for \$22 million in cash, and that it intended “to fully-fund payment of the purchase price through equity financing” at five cents a share (AVW: May 26, 2023).

At that time, the company said the five cent offer price was a 5.6 percent discount to the closing price on May 17, the rights offer had a record date of June 16, would open on June 20 and close on July 12, 2023.

This week, Wellnex said the initial placement raised \$2.2 million, and subject to approval it would issue 55 million shares and one option for every two shares purchased.

Wellnex said the second placement for \$20 million and the non-renounceable entitlement offer were not underwritten and would be conducted in conjunction with each other.

Wellnex was untraded at 5.3 cents.

CANN GROUP

Cann Group says it hopes to raise \$11.7 million in a one-for-four non-renounceable rights offer at 12 cents a share.

Cann Group said rights offer would include one attaching option for every two shares acquired, exercisable at 22 cents a share within 18 months.

The company said the rights offer issue price was a 14 percent discount to the last closing price and a 20 percent discount to the 5-day volume weighted average price.

Cann Group said it would use the funds to accelerate “growth initiatives” and increase production, and scale-up the Mildura marijuana farm and manufacturing plant.

The company said the rights offer had a record date of June 20, would open on June 23 and close July 18, 2023.

Cann said any stock not subscribed would be offered to investors, with the lead manager PAC Partners Securities to be offered the remaining shortfall.

The company said it would issue two million options to PAC exercisable at 24 cents each within 36 months, as well as a two percent management fee on the rights offer and a six percent selling fee for the shortfall.

Cann Group was unchanged at 12.5 cents.

SEAFARMS GROUP

Seafarms says development of its Project Sea Dragon prawn aquaculture farm will go ahead following a review and pending funding.

Seafarms chief executive officer Rod Dyer said the key risks regarding the use of 10-hectare (24.7 acre) ponds and the absence of financing had been addressed in the updated plans.

Mr Dyer said that the project’s “specific pathogen free” prawns had reached a size that eliminated the need for additional wild-caught brood stock, which was aligned with the company’s “commitment to sustainable and responsible practices”.

“Project Sea Dragon remains committed to delivering a world-class prawn farming operation, and we appreciate the continued support and interest from our shareholders,” Mr Dyer said.

Seafarms was unchanged at 0.5 cents with four million shares traded.

MICROBIOGEN

Microbiogen says it will open its Sydney premises next week to showcase its waste-to-animal feed technology.

Microbiogen said its technology combined desirable genetic characteristics of yeast into a single strain to meet customer needs, such as the development of fuel, animal feed, baking and pharmaceuticals.

The company said its yeast technology could improve its customer’s industrial process, increasing efficiency and yield.

Microbiogen said sustainable animal feed was its largest “near-term” opportunity and that it could help deliver high-value sustainable feed from low and negative value industrial side streams.

The company said it had partnered with Novozymes to develop and release a bio-ethanol-based yeast.

Microbiogen is a public unlisted company.

AUSCANN GROUP

Auscann says it completed the sale of its facility at 11 Excellence Drive, Wangara, Western Australia to Optral Pty Ltd for \$6,740,000 on June 9, 2023.

In April, the company said it had entered a conditional contract for the sale of the premises for \$6,750,000 and that the funds would be used “for a proposed material acquisition and working capital” (AVW: Apr 6, 2023).

Auscann was in a suspension and last traded at four cents.

CANN GROUP

Cann Group says Haleon Australia Pty Ltd will terminate the clinical trial option and evaluation agreement for its schedule 3 over-the-counter Satipharm cannabidiol (CBD).

In January, Cann said preliminary analysis of its more-than 212-patient, randomized, double-blind, placebo-controlled phase III trial of Satipharm cannabidiol (CBD) capsules for sleep disturbances had “not shown a statistically superior response compared to placebo” (AVW: Jan 23, 2023).

Today, the company said the Haleon termination would take effect on September 7, 2023 and that during the termination period it would continue discussions with Haleon “regarding other potential opportunities”.

NEXT SCIENCE

Next Science says Harry Hall IV will replace managing-director Judith Mitchell, effective from July 10, with Ms Mitchell to remain with the company until July 31, 2023.

Next Science said Mr Hall had been an executive at Johnson & Johnson’s DePuy Synthes responsible for a \$US3.2 billion (\$A4.68 billion) platform.

The company said Mr Hall held a Bachelor of Science and a Master of Science from the South Carolina’s Clemson University and a Master of Business Administration from Philadelphia’s Pennsylvania State University.

Next Science chair Prof Mark Compton said the company thanked Ms Mitchell “for the pioneering work she has done for Next Science in establishing its position as a listed medical device company and building its business such that many thousands of patients have already been assisted by the unique and highly effective products that stem from our Xbio technology”.

The company said that Mr Hall would be located in Jacksonville, Florida and have a base salary of \$US450,000 (\$A654,663) a year, along with \$US500,000 in performance rights, pending shareholder approval and short-term cash incentives.

Next Science was up one cent or 1.9 percent to 54 cents.