

Ag & Vet Weekly



Monday February 28 – Friday March 4, 2022

All the news on ASX-listed agriculture and veterinary companies

- * **ASX200, AVW-42 DOWN: MEMPHASYS UP 7%; TERRAGEN DOWN 14%**
- * **TASFOODS REVENUE UP 4% TO \$70m, LOSS UP 68% TO \$10.7m**
- * **CLEAN SEAS H1 REVENUE UP 40% TO \$31m, LOSS DOWN 90% TO \$2.2m**
- * **SEAFARMS H1 REVENUE UP 3% TO \$15.4m, LOSS UP 188% TO \$37m**
- * **WELLNEX H1 REVENUE UP 1100% TO \$8.5m, LOSS DOWN 82.4% TO \$2.2m**
- * **MURRAY COD H1 REVENUE UP 15.5% TO \$4.8m, PROFIT TO \$3m LOSS**
- * **CRESO REVENUE UP 154% TO \$6.2m, LOSS DOWN 6.3% TO \$30m**
- * **EPSILON REVENUE DOWN 21% TO \$5.5m, LOSS DOWN 15.4% TO \$9m**
- * **MGC H1 REVENUE UP 246% TO \$2.6m, LOSS UP 28% TO \$7.6m**
- * **SUSTAINABLE NUT H1 REVENUE UP 104% TO \$1.6m, LOSS UP 165% TO \$2.8m**
- * **NANOLLOSE PRODUCES 250kg OF TREE-FREE YARN**
- * **BUBS: 'DAIGOU' MILK FORMULA DEALER WILLIS 4.8%, PENDING SALES**
- * **CLOVER: 'EX-STAFFER, PHARMAMARK TO PAY \$1.4m TO SETTLE DISPUTE'**
- * **AVECHO BEGINS TPM-CBD OSTEOARTHRITIS TRIAL**
- * **CRESO: CANADA APPROVES PSILOCYBIN FOR PTSD TRIAL**
- * **PALLA LIQUIDATION: 'NOTHING FOR SHAREHOLDERS'**
- * **LAZARD REDUCES TO 5% OF RIDLEY**
- * **COBRAM: TRENTON GALLAGHER US CFO, CONOR CHURCHIN US COO**

MARKET REPORT

The Australian stock market fell 0.57 percent on Friday March 4, 2022, with the ASX200 down 40.6 points to 7,110.8 points. Thirteen of the AVW-42 stocks were up, 21 fell and eight traded unchanged.

Memphasys was the best, up 0.45 cents or 7.3 percent to 6.6 cents, with 754,536 shares traded. Elixinol climbed 7.1 percent; Clover and Next Science were up more than three percent; Cann Group and Ecofibre rose more than two percent; Apiam, Bega, Cobram and Elders were up more than one percent; with Costa, Nufarm and Wide Open up by less than one percent.

Terragen led the falls, down 2.5 cents or 14.3 percent to 15 cents, with 262,024 shares traded. Roots retreated 9.1 percent; Anatara and Wellnex lost eight percent or more; Epsilon and Seafarms fell more than seven percent; Food Revolution and Rare Foods were down more than five percent; Clean Seas fell four percent; Althea, Botanix and Creso were down more than three percent; Auscann, Bubs, Pharmaust and Ridley shed more than two percent; Synlait and Tasfoods lost more than one percent; with A2, Select Harvests and Tassal down by less than one percent.

TASFOODS

Tasfoods says revenue for the year to December 31, 2021 was up 3.9 percent to \$70,067,000 with net loss after tax up 67.6 percent to \$10,741,000.

Tasfoods said revenue included \$38,636,000 from sales of its poultry, \$30,362,000 from sales of dairy and \$443,000 from the sale of wasabi and other products.

The company said diluted loss per share was up 38.0 percent to 3.05 cents, net tangible assets per share fell 26.9 percent to 5.7 cents, and it had cash and cash equivalents of \$1,450,000 at December 31, 2021 compared to \$7,245,000 at December 31, 2020.

Tasfoods fell 0.1 cents or 1.25 percent to 7.9 cents.

CLEAN SEAS SEAFOOD

Clean Seas says revenue for the six months to December 31, 2021 was up 39.7 percent to \$31,192,000 with net loss after tax down 90.1 percent to \$2,160,000.

Clean Seas said revenue came from sales of its yellowtail kingfish, mullet and wild caught tuna, as well as clearance of frozen inventory and demand for kingfish.

The company said diluted loss per share fell 93.4 percent to 1.31 cents, with net tangible assets per share down 13.0 percent to 40 cents and it had cash and equivalents of \$14,564,000 at December 31, 2021 compared to \$9,317,000 at December 31, 2020.

Clean Seas fell 2.5 cents or four percent to 60 cents.

SEAFARMS GROUP

Seafarms says revenue for the six months to December 31, 2021 was up 3.0 percent to \$15,379,722 with net loss after tax up 187.9 percent to \$36,885,319.

Seafarms said revenue came primarily from the sale of black tiger and banana prawns but that the pandemic continued to influence its operations with "border closures, lockdowns and changes to regulations [resulting] in interrupted interstate travel and distribution".

The company said that the net loss after tax was \$24,074,632 higher than the prior period "primarily due to the \$23,325,187 of the Project Sea Dragon pre-development expenses".

Seafarms said diluted loss per share was up 60.4 percent to 0.85 cents with net tangible assets per share up 100.0 percent to 2.0 cents, and it had cash and cash equivalents of \$69,991,695 at December 31, 2021 compared to \$5,522,921 at December 31, 2020.

Seafarms fell 0.2 cents or 7.1 percent to 2.6 cents with 8.6 million shares traded.

WELLNEX LIFE (FORMERLY WATTLE HEALTH AUSTRALIA)

Wellnex says revenue for the six months to December 31, 2021 was up 1099.0% percent to \$8,560,000 with net loss after tax down 82.4 percent to \$2,146,000.

Wellnex said revenue came primarily from its Iron Company slow-release iron gummy product, Wakey Wakey "complementary medicine", Little Innoscents skincare products and its liquid paracetamol product, as well as the acquisition of Brand Solutions Australia.

The company said that loss for the six months to December 31, 2021 was impacted by "one-off expenses of about \$750,000 relating to the acquisition of Brand Solutions Australia, ASX re-quotation and capital raises".

Wellnex said diluted loss per share was down 89.7 percent to 0.71 cents, with net tangible assets per share up from negative 0.31 cents to 0.88 cents.

The company said it had cash and cash equivalents of \$4,459,000 at December 31, 2021 compared to \$110,000 at December 31, 2020.

Wellnex fell one cent or eight percent to 11.5 cents.

MURRAY COD AUSTRALIA

Murray Cod says revenue for the six months to December 31, 2021 was up 15.5 percent to \$4,842,582 with last year's profit turned to a loss after tax of \$3,042,220.

Murray Cod said revenue was primarily from sales of its Aquana-branded Murray cod fish. The company said that the Covid-19 pandemic and government lockdowns had a "significantly negative impact on operations" including staff shortages, logistics problems and supply chain issues.

Murray Cod said last year's diluted earnings per share of 0.081 cents was turned to a diluted loss per share of 0.429 cents, net tangible assets per share was up 63.6 percent to 9.0 cents.

The company said it had cash and cash equivalents of \$29,299,013 at December 31, 2021 compared to \$3,582,103 at December 31, 2020.

Murray Cod was unchanged at 22 cents.

CRESO PHARMA

Creso says revenue for the year to December 31, 2021 was up 154.0 percent to \$6,218,337, with net loss after tax down 6.3 percent to \$30,030,967.

Creso said its revenue mainly came from the sales of its marijuana products, including \$3,634,530 in sales from Mernova Medicinal marijuana products

The company said sales from North America were up 199.5 percent to \$3,638,235 and sales from Europe and the Middle East were up 109.3 percent to \$2,580,102.

Creso said diluted loss per share was down 67.3 percent from 8.30 cents in the previous year to 2.71 cents in the year to December 31, 2021, with net tangible asset backing per share was up 10.2 percent to 1.51 cents, and it had cash and cash equivalents of \$7,184,746 at December 31, 2021, compared to \$6,047,091 at December 31, 2020.

Creso fell 0.2 cents or 3.3 percent to 5.8 cents with 8.6 million shares traded.

EPSILON HEALTHCARE (FORMERLY THC GLOBAL GROUP)

Epsilon says revenue for the year to December 31, 2021 was down 20.9 percent to \$5,498,149 with net loss after tax down 15.4 percent to \$8,908,397.

Epsilon said that revenue was primarily from the sales of its medical marijuana products.

The company said that it had experienced "negative trading conditions" in Canada, as well as lower margins, product outages and supply chain issues.

Epsilon said basic loss per share fell 30.5 percent to 4.61 cents, net tangible assets per share fell 32.0 percent to 6.96 cents, and it had cash and cash equivalents of \$2,335,569 at December 31, 2021 compared to \$6,967,941 at December 31, 2020.

Epsilon fell 0.4 cents or seven percent to 5.3 cents.

MGC PHARMACEUTICALS

MGC says revenue for the six months to December 31, 2021 was up 245.9% percent to \$2,566,111 with net loss after tax up 28.3 percent to \$7,604,868.

MGC said revenue included about \$1.06 million from the sales of Artemic for "Covid-19" and about \$1.25 million from the sales of its marijuana products.

The company said diluted loss per share fell 13.9 percent to 0.31 cents, with net tangible assets per share down 43.2 percent to 0.42 cents, and it had cash and cash equivalents of \$8,064,812 at December 31, 2021 compared to \$1,536,546 at December 31, 2020.

MGC was unchanged at 2.5 cents with 2.5 million shares traded.

SUSTAINABLE NUTRITION GROUP (FORMERLY AUSTRALIAN PRIMARY HEMP)

Sustainable Nutrition says revenue for the six months to December 31, 2021 was up 103.6% percent to \$1,603,172 with net loss after tax up 164.7 percent to \$2,783,963. Sustainable Nutrition said revenue included sales of its Mt Elephant brand plant-based milk substitute products and marijuana products.

The company said that “although annual revenue growth was strong, the company was adversely impacted by Covid-19-related retail supply disruptions, which are estimated to have reduced [its] revenue by \$195,000 in [the six months to December 31, 2021]”.

Sustainable Nutrition said that its diluted loss per share was up 95.9 percent to 2.84. The company said that its net tangible assets per share was up 10.3 percent to 6.08 cents.

Sustainable Nutrition said that it had cash and cash equivalents of \$5,392,520 at December 31, 2021 compared to \$943,782 at December 31, 2020.

Sustainable Nutrition was unchanged at 14.5 cents.

NANOLLOSE

Nanollose says it has produced 250kg of Nullarbor-20 ‘forest-friendly’ lyocell fibre from a 20:80 waste cellulose to woodchip mix, proving commercial scale is achievable.

In November, Nanollose said it had completed the second last step to manufacturing its Nullarbor fibre into material for lyocell fabric by processing waste cellulose into fibre (AVW: Nov 12, 2021).

This week, the company said the pilot program was undertaken by Birla Cellulose, part of the Worli, Maharashtra, India-based Aditya Birla Group, using waste cellulose and conventional woodchips provided the proof-of-concept that commercial production of fabrics from waste material was viable.

Nanollose said the pilot program showed the capacity for its technology to be integrated with existing industrial equipment for making lyocell fibre, widening the potential application of its technology.

The company said the program was part of a staged scale-up to the production of fibres using 100 percent tree-free materials, aiming to increase the proportion of waste cellulose in future programs.

Nanollose said it was aiming to produce a range of blended fabrics and 100 percent tree-free fabrics to appeal to customers at different price-points.

The company said that it had received interest in blended fabrics from a number of parties.

Nanollose executive chair Dr Wayne Best said the completion of the first pilot spin was “a significant milestone in the company’s development and provides clear proof of concept of our offering at scale”.

“This milestone provides Nanollose with a strong growth foundation for the next 12 months,” Dr Best said.

“In the lead up to completion, we have been approached by a number of notable potential partners, and are pleased to now be in a position to enter into formal negotiations for the supply of sample fibre, yarns, and/or fabric for testing purposes and due diligence for future offtake agreements,” Dr Best said.

Nanollose was unchanged at 11.5 cents.

BUBS AUSTRALIA

Bubs says it will issue its lead distributor of milk formula in China, Willis Trading, 29,541,620 shares, (4.82%) pending sales targets.

Bubs said that under the agreement, the issue of the shares would be conditional on the Hong Kong-based Willis Trading's parent company, Alpha Group, meeting purchase milestones of at least \$50 million by June 30, 2022 and at least \$80 million by June 30, 2023.

The company said the agreement "closely aligns Bubs and its largest customer".

Bubs chief executive officer Kristy Carr said that Willis Trading was the company's "lead distribution partner for the corporate daigou channel".

"We view the daigou channel as expert community builders," Ms Carr said.

"Through one person, we can reach hundreds of consumers," Ms Carr said.

According to Wikipedia daigou translates as "surrogate shopping" and was a "form of cross-border exporting in which an individual or a syndicated group of exporters outside China purchases commodities – mainly luxury goods, but sometimes also groceries such as infant formulas - for customers in China.

Wikipedia said that daigou shoppers "typically purchase the desired goods in a region outside China, after which they post the goods to China or carry them in their luggage when they return to China [and] the goods are then sold for profit in China".

"Daigou activities can be conducted illegally, or legally, using loopholes to circumvent import tariffs imposed on overseas goods," the Wikipedia website said.

Bubs fell one cent or 2.25 percent to 43.5 cents with 1.9 million shares traded.

CLOVER CORP, PHARMAMARK NUTRITION PTY LTD

Clover says a former employee and Brisbane's Pharmamark will pay \$500,000 plus legal costs of about \$900,000 to settle an intellectual property dispute.

Clover said it began proceedings more than two and a half years ago "to protect the intellectual property Clover uses to manufacture its micro-encapsulated oil products".

Clover chief executive officer Peter Davey said he was "pleased to have resolved this matter which has been a distraction for the board and senior management".

The company said the respondents had agreed "not to disclose or use Clover's formulations and documents".

Pharmamark said that it was pleased to have concluded the legal proceedings brought by Clover Corp in November 2019.

Pharmamark said that it denied liability and agreed to bring an end to legal proceedings to allow it "to continue with the development, manufacture and sale of its products without the distraction from an ongoing dispute".

Pharmamark chief executive officer Guy Drummond said it was "an unfortunate and distracting event but it didn't delay our progress to our goal of building a world class micro-encapsulation company supplying products for infant, adult and animal nutrition".

"We are pleased to have resolved this proceeding and can continue unimpeded in the growth and development of our business," Mr Drummond said.

Clover was up 5.5 cents or 3.8 percent to \$1.50.

Pharmamark is a private company.

AVECHO BIOTECHNOLOGY

Avecho says it has begun dosing 15 patients in a phase IIa study of a topical, tocopheryl phosphate mixture-enhanced marijuana-derived cannabidiol (CBD) for osteoarthritis.

Avecho chief executive officer Dr Paul Gavin said that osteoarthritis was “a chronic and poorly managed pain condition, with limited treatment options available”.

“Increasingly, CBD is being prescribed for a range of pain conditions, despite a relative absence of formal human clinical trials demonstrating its effectiveness,” Dr Gavin said.

“Commencement of patient dosing is an important milestone in our ongoing efforts to understand and quantify how it could help,” Dr Gavin said.

Avecho said that the tocopheryl phosphate mixture (TPM) formulation had been shown “to increase the dermal absorption of CBD in laboratory experiments by five times”.

The company said that 15 with painful arthritis of the fingers or thumb had completed baseline assessments and begun their treatment regimen, with the formulation to be applied to painful joints of the fingers and/or thumb each day over four weeks.

Avecho said that assessment would include pain scores, functional scores, and assessments of grip strength using a dynamometer, with results expected by July 2022.

Avecho said the proof-of-concept study was being run by principal investigator Dr Daniel Lewis with co-investigator the Lambeth Initiative’s Prof Iain McGregor.

Avecho was unchanged at 1.3 cents.

CRESO PHARMA

Creso says Health Canada has approved subsidiary Halucenex’s planned up-to 20-patient trial of psilocybin for treatment-resistant post-traumatic stress disorder.

Creso said that the phase II, single-arm, open-lab[el] trial would begin recruitment of 18 to 20 patients to test the efficacy of psilocybin on treatment-resistant, post-traumatic stress disorder (PTSD) and “determine the feasibility of future trials of psilocybin in this indication”.

Creso said it was working with Wolfville, Nova Scotia, Canada-based, Acadia University “towards clinical trial design and ethics approval” and expected the trial to begin by July 2022.

PALLA PHARMA (FORMERLY TASMANIAN POPPY INDUSTRIES ENTERPRISES)

The administrators of Palla say they “do not anticipate a return to shareholders” following the liquidation of the company.

In February, Korda Mentha administrators said that Palla had been unable to attract a buyer, and that they intended to ‘wind-down’ Australian operations (AVW: Feb 18, 2022).

Today, Korda Mentha administrators Craig Shepard and Bryan Webster said they expected that “priority employee creditors” would receive 100 percent, with unsecured creditors to receive between six and 84 percent of what they were owed by the company.

The administrators said that the second meeting of creditors on March 9, 2022 would be asked to end the administration or wind-up the company.

According to Commsec, Palla has traded as high as \$3.77 in 2015 and as low as 20 cents in December 2021, with major investors including Australian Ethical and Thorney.

Palla last traded at 29.5 cents.

RIDLEY CORP

Lazard Asset Management Pacific says it has further reduced its substantial holding in Ridley from 21,112,042 shares (6.61%) to 16,050,823 shares (5.02%).

Earlier this week, Lazard said it had reduced its holding in Ridley from 24,354,603 shares (7.62%) to 21,112,042 shares (6.61%).

Today, Lazard said that between February 28 and March 3, 2022 it bought and sold shares in the company, with the largest single transaction the sale of 5,563,254 shares on March 3, 2022, for \$8,098,526, or \$1.46 a share.

Ridley fell four cents or 2.6 percent to \$1.48.

COBRAM ESTATE OLIVES

Cobram says it has appointed Trenton Gallagher to replace Michael Gonzales as its US chief financial officer and Conor Churchin as its US chief operating officer.

Cobram said Mr Gallagher would start work on March 28 and most recently worked at the Napa Valley, California-based Crimson Wine Co and previously Treasury Wine Estates Americas.

The company Mr Churchin had supervised US olive processing operations at Cobram over the past five years.

Cobram was up two cents or 1.2 percent to \$1.715.