

Ag & Vet Weekly



Monday March 28 – Friday April 1, 2022

All the news on ASX-listed agriculture and veterinary companies

- * **ASX200, AVW-42 DOWN: SUSTAINABLE NUTRITION UP 10%
- WELLNEX DOWN 8%**
- * **SYNLAIT H1 REVENUE UP 19% TO \$731m; PROFIT UP 338% TO \$28m**
- * **ELDERS SELLS 30% STOCKCO STAKE; UP-TO \$20m PROFIT**
- * **TASFOODS TO RAISE \$6m**
- * **AVECHO TPM-CBD GEL 'HIGHLY SIGNIFICANT FOR OA PAIN'**
- * **LIQUIDATORS SELL PALLA UK, NORWAY; NOTHING FOR SHAREHOLDERS**
- * **APIAM: VICTORIA \$700k FOR BENDIGO VACCINE LABORATORY**
- * **MEMPHASYS: INDIA, CHINA FELIX CARTRIDGE ORDERS**
- * **BOTANIX RECEIVES \$2.8m FEDERAL R&D TAX INCENTIVE**
- * **SUSTAINABLE NUTRITION HEMP PROTEINS 'ON-TRACK'**
- * **CRESO, BROWER, MEDARA LATIN AMERICA MARIJUANA DEAL**
- * **CRESO: HALUCENEX UPGRADES TO GROW PSILOCYBIN MUSHROOMS**
- * **CANN GROUP: UK APPROVES SATIPHARM CBD CAPSULE**
- * **PERPETUAL TAKES 5.8% OF BEGA**
- * **EX-CHAIR LAZARUS KARASAVVIDIS REDUCES TO 10.9% IN WELLNEX**
- * **MARTIN GLENISTER REDUCES TO 10.9% IN WELLNEX**
- * **RON DUFFICY REPLACES ELIXINOL CEO OLIVER HORN; DAVID FENLON**
- * **BOTANIX APPOINTS DR PATRICIA WALKER CMO, DR HOWIE MCKIBBON CCO**

MARKET REPORT

The Australian stock market slipped 0.08 percent on Friday April 1, 2022, with the ASX200 down 5.8 points to 7,493.8 points.

Fifteen of the AVW-42 stocks were up, 18 fell, eight traded unchanged and one was untraded.

Sustainable Nutrition was the best, up 1.5 cents or 10.3 percent to 16 cents, with 434,607 shares traded. Roots climbed 9.1 percent; Cann Group and Cann Global were up more than seven percent; Tasfoods was up 5.3 percent; MGC improved 4.2 percent. Anantara and Botanix rose more than three percent; Bubs, Memphasys and Ridley were up more than one percent; with Australian Agricultural, Bega, Select Harvests and Wide Open up by less than one percent.

Wellnex led the falls, down one cent or 7.7 percent to 12 cents with 262,743 shares traded. Seafarms lost 6.7 percent; Nanollose fell 4.35 percent; Ecofibre and Next Science were down more than three percent; Clover, Epsilon and Pharmaust shed more than two percent; Apiam, Auscann, Clean Seas, Elixinol, Murray Cod and Nufarm were down more than one percent; with A2, Cobram, Elders and Fonterra down by less than one percent.

SYNLAIT

Synlait says revenue for the six months to January 31, 2022 was up 19.0 percent to \$NZ790,591,000 (\$A731,633,000) with net profit after tax up 337.9 percent to \$NZ27,905,000 (\$A25,824,000).

Synlait said the increase in profit was due to an increase in the manufacture and sales of dairy products, savings on manufacturing and storage costs, favorable commodities prices and foreign exchange rates.

The company said that New Zealand accounted for 41 percent of sales, with China increasing from 13 percent for the previous corresponding period to 20 percent for the six months to January 31, 2022, the rest of Asia constant at 24 percent and Australia up from four percent to nine percent of sales.

Synlait said diluted earnings per share was up 295.7 percent to 12.74 NZ cents and it had cash and cash equivalents of \$NZ40,639,000 at January 31, 2022, compared to \$NZ9,133,000 at January 31, 2021.

Synlait was unchanged at \$3.15.

ELDERS

Elders says it will sell its 30 percent stake in Brisbane's Stockco Holdings booking a non-underlying profit of \$15 million to \$20 million.

Elders said it would sell the holding to the Auckland, New Zealand-based Heartland Group which was acquiring the 70 percent major shareholding in Stockco.

The company said that on completion, Stockco would repay the \$15 million Elders loan and Elders would have exclusive rights to sell Stockco products to its clients.

Elders said that it expected the transaction to be completed by May 2022.

Elders fell seven cents or 0.5 percent to \$13.22 with 617,892 shares traded.

TASFOODS

Tasfoods says it hopes to raise \$5.5 million in a partially underwritten placement at seven cents a share, and a further \$500,000 in a share plan at the same price.

Tasfoods said the offer price was an 11.41 percent discount to the 30-day volume weighted average price to March 29 and a 6.67 percent discount to the last traded price on March 29, 2022.

The company said the proceeds would be used for working capital support, connectivity improvements such as implementation of enterprise resource planning, and commercial acceleration initiatives.

Tasfoods said that the record date for the share plan was March 31, with the offer opening on April 13 and closing on May 11, 2022.

Tasfoods was up 0.4 cents or 5.3 percent to 7.9 cents.

AVECHO BIOTECHNOLOGY (FORMERLY PHOSPHAGENICS)

Avecho says a 15-patient, phase IIa study shows that tocopheryl phosphate mixture-marijuana-derived cannabidiol shows a “highly significant” osteoarthritis pain reduction.

In March, Avecho said it had begun dosing 15 patients in a phase IIa study of its TPM-enhanced topical cannabidiol (CBD) gel for osteoarthritis (AVW: Mar 4, 2022).

Today, the company said that the single-centre, proof-of-concept study conducted with the Sydney’s Lambert Initiative included a week of baseline measurements, four weeks of daily treatment of the affected joints of a single hand and a week of washout.

Avecho said that the trial showed a “highly significant” ($p < 0.001$) reduction in pain and a “highly significant” ($p < 0.001$) increase in grip strength and functionality compared to baseline, when the TPM formulation was applied over four weeks.

Avecho said that “most participants” also saw “statistically significant” ($p < 0.001$) decreases in self-reported stiffness of fingers and anxiety.

Avecho chief executive officer Dr Paul Gavin said that “we have already received commercial interest in a topical CBD formulation and are confident that data from this study will be of interest to potential licencees”.

The company said that it would plan larger, placebo-controlled studies in collaboration with the Lambert Initiative and that the results of this study would be released at the International Cannabinoid Research Society Symposium in June 2022.

In 2009, the then Phosphagenics said that in a 12-patient phase Ib trial for inflammatory pain, TPM-diclofenac showed more rapid absorption and deeper penetration than Voltaren (diclofenac) alone and TPM increased absorption by 380 percent.

Avecho was unchanged at 1.5 cents with 9.15 million shares traded.

PALLA PHARMA (FORMERLY TASMANIAN POPPY INDUSTRIES ENTERPRISES)

Korda Mentha’s Craig Shepard and Bryan Webster as liquidators of Palla Pharma said they have sold Palla Pharma UK and Palla Pharma Norway Holdings AS.

The liquidators did not disclose the amount received but said “we do not expect there will be sufficient recoveries available in the liquidation to provide a return to shareholders”.

Palla Pharma has been suspended and last traded at 29.5 cents.

APIAM ANIMAL HEALTH

Apiam says it has received a grant of \$700,000 from the Victoria Government to build a viral vaccine laboratory in Bendigo, to be used for the livestock industries.

Apiam said the State Government Regional Jobs Fund grant would “fast-track development of the ... facility”, which would address the demand from the domestic agricultural industry for locally produced animal vaccines.

The company said it was collaborating with La Trobe University to develop a vaccine targeting Japanese encephalitis, currently affecting the domestic pig segment.

Apiam managing-director Dr Chris Richards said the company’s plans “to develop Australia’s first dedicated permit-based viral vaccine facility are central to Apiam’s strategy to lead product innovation within the animal health segment”.

“We see significant market potential for new viral vaccine technologies, both domestically and in New Zealand where we currently supply bacterial vaccines,” Dr Richards said.

“Autogenous vaccine production can be targeted to combat a range of viruses affecting livestock and play an important role in preventing animal diseases,” Dr Richards said.

Apiam said it expected construction to be completed in 2025.

Apiam fell 1 cent or 1.2 percent to 83 cents.

MEMPHASYS

Memphasys says it has its first Felix sperm selection follow-up sales from the Indian Women’s Centre and China’s Diagens Biotechnology Co.

In January, Memphasys said it sold the first of its Felix systems for in-vitro fertilization to the Coimbatore-based Indian Women’s Centre (BD: Jan 17, 2022).

Today, the company said that while the dollar value was not material, the sale was of significant strategic importance to the company.

Memphasys said that this was the first time that any clinical in-vivo performance of the Felix System had been reported.

The company said it had a second sale of the Felix system and cartridges through its Hangzhou, China-based distribution partner Diagens.

Memphasys executive chair Alison Coutts said “it is very pleasing to receive repeat orders from existing clients, as it validates our business model and confirms the Felix system is proving effective in both research and clinical settings”.

“We are now ramping up sales activities in the identified early markets, including engaging in an executive search process for a sales manager, to ensure the sales momentum continues,” Ms Coutts said.

Memphasys was up 0.1 cent or 1.4 percent to 7.1 cents.

BOTANIX PHARMACEUTICALS

Botanix says it has received \$2,754,834 from the Australian Tax Office under the Federal Government Research and Development Tax Incentive program.

Botanix said the tax incentive related to research and development expenditure for the year to June 30, 2021.

Botanix was up 0.3 cents or 3.45 percent to nine cents with 4.6 million shares traded.

SUSTAINABLE NUTRITION GROUP (FORMERLY AUSTRALIAN PRIMARY HEMP)

The Sustainable Nutrition Group says development of high protein hemp isolates with the Horsham, Victoria-based Australian Plant Proteins is on-track.

The Sustainable Nutrition Group said it had been working to develop high protein, soluble and tasteless hemp isolates, and had found its hemp protein concentrate to have a protein level of more than 85 percent, while being non-allergenic, gluten free, and non-genetically modified.

The company said the protein content of the hemp isolate compared favorably to soy protein concentrates at around 81 percent protein, pea protein concentrates around 83 percent protein and faba bean protein concentrates at around 85 percent.

In a follow up announcement, the Sustainable Nutrition Group said that the independent testing was conducted by the Werribee-based Agrifood Technology, a registered member of the National Association of Testing Authorities.

The Sustainable Nutrition Group said it was working with Australian Plant Proteins, which had received investment from the Commonwealth Scientific and Industrial Research Organisation, to refine the hemp protein for commercialization in milks, yoghurts, meat alternatives, protein bars and shakes, baked goods, and protein supplements.

The company said it expected development to conclude and commercialization efforts to begin by the end of 2022.

The Sustainable Nutrition Group was up 1.5 cents or 10.3 percent to 16 cents.

CRESO PHARMA

Creso says Laboratorios Brouwer and Medara SA will manufacture and sell its Anibidiol marijuana-based animal products.

Creso said that under the non-binding, non-exclusive agreement, the Montevideo, Uruguay-based Medara SA would support it and Buenos Aires, Argentina's Brouwer in the commercialization and manufacturing of its Anibidiol products for sale across Latin America.

The company said that the Latin American animal healthcare market had an estimated value of \$US1.84 billion in 2022 (\$A2.46 billion), expected to reach "\$US2.47 billion (\$A3.30 billion) by the end of 2027".

Creso said that it expects commercialization and sales to commence during the second half of 2022.

Creso was unchanged at 7.2 cents with 7.1 million shares traded.

CRESO PHARMA

Creso says its subsidiary Halucenex Life Sciences has completed the upgrade of its grow rooms for the initial harvesting of its psilocybin mushrooms.

Creso said that it had installed "food-grade washable wall and ceiling panels" along with heat and humidity control systems for growing psilocybin mushrooms.

The company said that the Windsor, Nova Scotia-based Halucenex expected its first harvest of the psilocybin mushrooms within the next three months, which would be used for research and development and product development initiatives.

Creso said that it had also installed a high-performance liquid chromatography system at its Nova Scotia facility to test the active pharmaceutical ingredients in both synthetic and botanical psilocybin mushrooms.

CANN GROUP

Cann Group says that the UK Food Standards Agency has approved subsidiary Satipharm's range of marijuana-derived cannabinoid capsules for sale in the UK.

Cann Group said that the UK Food Standards Agency (UK FSA) released a list which "has provided clarity as to which CBD products may continue to be sold in the UK" and that the publication of the list removed "uncertainty" within the supply chain.

The company said that in January 2019, food regulations were applied to CBD products which required all suppliers of CBD food supplements to submit applications for approval. Cann Group chief executive officer Peter Crock said that "over 800 product dossiers were submitted by various CBD manufacturers to the UK FSA for review ... of these, the FSA has rejected over 600 dossiers which did not satisfy the validation criteria".

"The inclusion of the Satipharm products in the list demonstrates Cann's real commitment to quality and consumer safety," Mr Crock said.

"We see this as a great opportunity to accelerate our sales of the Satipharm range in the UK and we look forward to keeping our shareholders updated as our distribution and sales grow in the coming months," Mr Crock said.

Mr Crock told Ag & Vet Weekly that the over-the-counter supplement capsules were for a range of indications.

Cann Group was up two cents or 7.8 percent to 27.5 cents with 3.5 million shares traded.

BEGA CHEESE

The Sydney-based Perpetual says it has become substantial in Bega with 17,525,228 shares or 5.78 percent of the company.

Perpetual said that between November 30, 2021 and March 25, 2022, it bought shares at prices between \$4.54 and \$5.49 a share, and sold shares at \$4.75 and \$4.88 a share.

Bega was up one cent or 0.2 percent to \$4.82 with 339,970 shares traded.

WELLNEX LIFE (FORMERLY WATTLE HEALTH AUSTRALIA)

Former chair Lazarus Karasavvidis says he has reduced and been diluted in Wellnex from 38,014,734 shares (19.54%) to 33,110,921 shares (10.91%).

The Melbourne-based Mr Karasavvidis said that "as a controller of TNL Group Pty Ltd LKAK Investment Account" and "as a controller of Jamata Pty Ltd and LLEA LK Pty Ltd LMB Wattle Trading Unit Account" he bought, sold and transferred shares to "margin lenders" from February 4, 2021 to March 9, 2022 with the single largest sale on November 19, 2021 of 425,000 shares for \$42,500 or 10 cents a share.

Mr Karasavvidis did not disclose how or when the shares were diluted.

Wellnex fell one cent or 7.7 percent to 12 cents.

WELLNEX LIFE (FORMERLY WATTLE HEALTH AUSTRALIA)

Martin Glenister says he has reduced and been diluted in Wellnex from 37,014,734 shares (19.54%) to 33,100,921 shares (10.91%).

The Melbourne-based Mr Glenister said that "as a controller of TNL Group Pty Ltd LKAK Investment Account" and "as a controller of Jamata Pty Ltd and LLEA LK Pty Ltd LMB Wattle Trading Unit Account" he sold and transferred shares to "margin lenders" from February 4, 2021 to March 9, 2022 with the single largest sale on November 19, 2021 of 425,000 shares for \$42,500 or 10 cents a share.

Mr Glenister did not disclose how or when the shares were diluted.

ELIXINOL WELLNESS

Elixinol says chief financial officer Ron Dufficy will replace chief executive officer Oliver Horn on an interim basis, with David Fenlon appointed a non-executive director.

Elixinol said that Mr Dufficy would replace Mr Horn effective from April 8, with Mr Horn remaining a non-executive director.

The company said that Mr Fenlon was appointed a director, effective from March 28, 2022.

Elixinol said that Mr Fenlon was currently the Melbourne-based Platform Alliance Group's chief executive officer and previously BWX chief executive officer BWX and Blackmores Australia and New Zealand managing-director.

Elixinol said that Mr Fenlon was the chair for Nutritional Growth Solutions and was a director of Quest for Life Foundation.

Elixinol said that its strategic review's preliminary findings found "opportunities that are expected to reduce operating costs by approximately \$3.2 million on an annualized basis".

Elixinol fell 0.1 cents or 1.7 percent to 5.7 cents with 1.3 million shares traded.

BOTANIX PHARMACEUTICALS

Botanix says it has appointed Dr Patricia Walker as chief medical adviser and Dr Howie McKibbon as chief commercial officer, effective from today.

Botanix said that Dr Walker was a dermatologist and previously worked for the San Diego, California-based Brickell Biotech as head of research and development.

The company said that Dr Walker had worked for the Agoura Hills, California-based Agoura Kythera Biopharmaceuticals and the Santa Barbara, California-based Allergan Medical as chief medical officer.

Botanix said that Dr Walker held a Doctor of Medicine from the University of Iowa.

Botanix said that Dr McKibbon had more than 20 years of experience in the pharmaceutical industry and had most recently worked as an executive at the Long Beach, California-based Dermavant Science

The company said that Dr McKibbon had also worked for Palo Alto, California-based Anacor Pharmaceuticals as head of sales and marketing and was head of dermatology and immunology at the Scottsdale, Arizona-based Medicis Pharmaceuticals.

Botanix said that Dr McKibbon held a Bachelor of Arts from Tampa's University of South Florida, a Master of Business Administration from the Atlanta, Georgia-based Mercer University and a Doctor of Pharmacy from Mercer University.