

Ag & Vet Weekly



Monday September 19 - Friday September 23, 2022

All the news on ASX-listed agriculture and veterinary companies

- * **ASX, AVW-42 DOWN: RARE FOODS UP 12%**
- **FOOD REVOLUTION, MGC DOWN 12%**
- * **FONTERRA REVENUE UP 12% TO \$20b, PROFIT UP 24% TO \$513m**
- * **SYNLAIT COMPLETES GREENHOUSE GAS REDUCTION PROJECTS**
- * **AVECHO: TPM-CBD INCREASES BIO-AVAILABILITY, IN DOGS**
- * **MEMPHASYS UNDERWRITTEN RIGHTS RAISE \$1.76m, TOTAL \$3.4m**
- * **MGC DRAWS FURTHER MERCER STREET \$831k**
- * **MGC: NO ADVERSE COVID-19 EVENTS IN CIMETRA-DOSED GROUP**
- * **PARADISE INCREASES; DILUTED TO 7.9% IN SELECT HARVESTS**
- * **CHAIR ALISON COUTTS INCREASES, DILUTED TO 8.7% IN MEMPHASYS**
- * **CANN APPOINTS ROBERT BARNES, DR JULIAN CHICK DIRECTORS**
- * **NUFARM APPOINTS ALEXANDRA GARTMANN DIRECTOR**
- * **EPSILON: ALAN BEASLEY IN, PATRICK XU OUT, XU SHARE SALE**

MARKET REPORT

The Australian stock market fell 1.87 percent on Friday September 23, 2022, with the ASX200 down 125.5 points to 6,574.7 points. Seven of the AVW-42 stocks were up, 24 fell, seven traded unchanged and four were untraded.

Rare Foods (Ocean Grown Abalone) was the best, up 0.7 cents or 11.9 percent to 6.6 cents, with 169,852 shares traded. Avecho climbed 9.1 percent; Epsilon and Seafarms improved more than eight percent; Cann Group and Wellnex were up more than three percent; with Nufarm up by 1.3 percent.

Food Revolution led the falls, down 0.3 cents or 12 percent to 2.2 cents, with one million shares traded, followed by MGC down 11.8 percent to 1.5 cents, with 1.7 million shares traded.

Pharmaust lost 6.25 percent; Memphasys and Murray Cod were down five percent or more; A2 fell 4.2 percent; Althea, Botanix, Cobram and Wide Open were down more than three percent; Bubs, Clean Seas, Clover, Costa and Ecofibre shed more than two percent; Bega, Nanollose, Next Science, Ridley and Synlait were down one percent or more; with Apiam, Elders, Fonterra and Select Harvests down by less than one percent.

FONTERRA SHAREHOLDERS' FUND

Fonterra says revenue for the year to July 31, 2022, was up 11.6 percent to \$NZ22,953,000,000 (\$A20,216,200,000) with net profit after tax up 24.2 percent to NZ\$661,000,000 (\$A582,000,000).

The company said revenue was mainly derived from the sale of its milk products, with \$NZ7,718,000,000 from Asia Pacific, \$NZ8,575,000,000 from Africa the Middle East and the Americas and \$NZ6,660,000,000 from Greater China.

Fonterra chief executive officer Miles Hurrell said "despite the challenges including increased costs associated with supply chain volatility, 2021-'22 was a good year".

"These results demonstrate that our decisions relating to product mix, market diversification, quality products and resilient supply chain, mean the Co-op is able to deliver both a strong milk price and robust financial performance in a tough global operating environment," Mr Hurrell said.

"This year's higher farmgate milk price is the strongest it has ever been, which is great news for our farmers," Mr Hurrell said.

"Total group revenue increased \$2.3 billion to \$23.4 billion due to higher product prices, but sales volumes decreased in 2021-'22 due to short-term shifts in demand and ongoing shipping and supply disruptions," Mr Hurrell said.

"Total gross margin was down due to the higher cost of milk on our foodservice and consumer channels during the year... [and] a series of geopolitical and economic events also impacted our performance - including a \$NZ80 million adverse revaluation of the Co-op's Sri Lankan business payables, due to the devaluation of the rupee," Mr Hurrell said.

"The longer-term outlook for dairy remains positive... and in the medium-term, we expect to see an easing in some of the geopolitical events, namely the Covid-19 lockdowns in China and the economic challenges in Sri Lanka," Mr Hurrell said.

Fonterra said it would pay an unchanged 15.0 NZ cents dividend for shareholders on the record date of September 29 to be paid on October 14, 2022.

The company said diluted earnings per share were unchanged at 36 NZ cents, with net tangible asset backing per share down one cent to \$NZ2.86 and it had cash and equivalents of \$NZ288 million at July 31, 2022, compared to \$NZ985 million at July 31, 2021 and net debt was up about \$NZ1 billion to \$NZ5.3 billion.

Fonterra fell one cent or 0.3 percent to \$3.08.

SYNLAIT MILK

Synlait says it has completed two greenhouse gas reduction projects, finishing the first phase of its decarbonization roadmap.

Synlait said that the two projects would reduce scope 1 and 2 greenhouse gas emission by 38,000 tonnes of carbon dioxide equivalent (tCO2e) in 2022-'23, increasing to 58,000 tCO2e in 2025-'26 when projects were expected to reach full capacity.

The company said that based on its 2019-'20 scope one and two greenhouse gas emissions, it would be a 41 percent reduction in total emissions, which was "a major step towards achieving the company's [science based targets initiative]-approved target of reducing scope 1 and 2 emissions by 45 percent by 2027-'28".

Synlait chief executive officer Grant Watson said his company had a significant environmental footprint and must "therefore have strong sustainability credentials, which form part of our right to play but are also a right to win".

"We are committed to continuing to take a leadership role and deliver projects that accelerate our unrelenting passion for the planet and its people," Mr Watson said.

Synlait fell five cents or 1.6 percent to \$3.13.

AVECHO BIOTECHNOLOGY

Avecho says pharmaco-kinetic studies show that tocopheryl phosphate mixture (TPM) increases the bioavailability of cannabidiol (CBD), in dogs.

Avecho said the study characterized and compared the CBD absorption profile from a single dose of the Avecho TPM-CBD formulation, CBD dissolved in an oil vehicle, the commercial Epidiolex formulation and a formulation with TPM dissolved into Epidiolex. Avecho said the test formulations were administered to fasted dogs through an oral tube and characterized over 24 hours and its TPM-CBD formulation produced a higher absorption profile than the CBD oil control and the Epidiolex formulation.

Avecho said no symptoms of gastro-intestinal irritation were observed for its formulation for Epidiolex and TPM-CBD, despite the four-times increase in average CBD absorption. The company said that increased absorption of its cannabidiol formulation had been reproduced in rodents and dogs and the results "validate the company's choice of formulation for use in human trials seeking low dose CBD approval and gives the maximal change of success in the upcoming phase III trial".

Avecho chief executive officer Dr Paul Gavin said the company had shown that TPM formulations "could increase the oral absorption of CBD in rats when compared to simple CBD oil formulations currently prescribed to patients in Australia".

"These formulations are now in clinical trials and will be entering phase III clinical trials for an insomnia related indication," Dr Gavin said.

Dr Gavin told Biotech Daily the comparison with Epidiolex was "because we were frequently asked how our formulations compared to Epidiolex, the only US Food and Drug Administration approved CBD product, despite having a different clinical indication".

Avecho was up 0.1 cents or 9.1 percent to 1.2 cents with 1.3 million shares traded.

MEMPHASYS

Memphasys says investors subscribed for about \$900,112 in rights issue shares at two cents a share, with the underwritten shortfall raising \$860,305.

Last month, Memphasys said it had commitments to raise \$1.6 million in a placement at two cents a share, and had an underwritten one-for-nine rights offer at the same price to raise a further \$1.76 million (AVW: Aug 19, 2022).

At that time the company said it would use the funds to commercialize its Felix sperm selection device in low regulatory markets, undertake further regulatory work, continue its pipeline development with the University of Newcastle, commence development of a next-generation Felix system, and pay down existing debts.

Memphasys fell 0.1 cents or five percent to 1.9 cents with 1.3 million shares traded.

MGC PHARMACEUTICALS

MGC says it has drawn a further \$US550,000 (\$A831,058) of its \$US10 million (\$A14.3 million) draw-down equity facility from Mercer Street, taking the total to \$US1.3 million.

In August, MGC said it had drawn \$US750,000 of its facility with New York's Mercer Street Capital for costs related to its Malta factory (AVW: Aug 26, 2022).

In July, the company said it would issue New York's Mercer Street \$US10 million in convertible securities, with the first tranche of 1.32 million notes at \$US1 each, providing \$US1.20 million and issue Mercer 21,511,545 shares (AVW: Jul 29, 2022).

Today, MGC said it would issue Mercer 605,000 notes with a face value of \$US1 each, and the funds would be used as working capital for its operations and clinical trials.

MGC fell 0.2 cents or 11.8 percent to 1.5 cents with 1.7 million shares traded.

MGC PHARMA

MGC says that none of 16 patients dosed with Cimetra reported "Covid-19 related adverse events", compared to 62.5 percent of the placebo group.

In November, MGC said it had ethics approval for a 240-patient, 28-day dosing study of its Cimetra compound, for Covid-19 at the Haifa, Israel-based Rambam Medical Centre (AVW: Nov 5, 2021).

Today, the company said the interim results showed improvements in multiple parameters including respiratory rate and oxygen saturation, when compared to the placebo.

The company said that Cimetra contained Curcuma longa, or turmeric, and Boswellia serrata, or Indian frankincense, while another of its candidates, Artemic, (Cimetra backwards) comprised artemisinin and curcumin.

SELECT HARVESTS

Paradise Investment says it has increased its substantial holding in Select Harvests and been diluted from 9,041,243 shares (9.40%) to 9,609,921 shares (7.945%).

Paradise said that between April 27, 2020 and September 15, 2022, it bought and sold shares in Select Harvests, with the largest single acquisition 2,152,448 shares on October 13, 2020, for \$11,192,730, or \$5.20 a share.

Select Harvests fell four cents or 0.75 percent to \$5.32 with 284,242 shares traded.

MEMPHASYS

Chair Alison Coutts says she has increased her substantial holding in Memphasys but been diluted from 79,625,139 shares (10.85%) to 89,592,819 shares (8.70%).

Ms Coutts said that on September 21, 2022 she was issued 3,967,680 shares for \$79,354 or two cents a share in the recent rights issue.

Last month, Memphasys said it had commitments to raise \$1.6 million in a placement at two cents a share, and had an underwritten one-for-nine rights offer at the same price to raise a further \$1.76 million (AVW: Aug 19, 2022).

CANN GROUP

Cann says it has appointed Robert Barnes and Dr Julian Chick as directors, with Mr Barnes' appointment effective immediately and Dr Chick starting on October 26, 2022.

Cann Group said that Mr Barnes had worked in pharmaceuticals, food additives, infant formula, consumer, medical devices and diagnostics industries, for companies including Aspen Pharmacare Australia, Sanofi Australia and Mayne Group.

The company said Mr Barnes has been a company director and according to his LinkedIn page held a Bachelor of Medical Science and a Master of Business Administration from Royal Melbourne Institute of Technology.

Cann said Dr Chick had more than 25 years' experience in the biotechnology and medical technology sectors and previously was an executive with Avexa and Admedus (now Anteris) and was formerly the chair and a current director of Opyl AI, formerly Shareroot.

The company said Dr Chick held a Bachelor of Science and a Doctor of Philosophy from Melbourne's La Trobe University.

Cann Group was up one cent or 3.85 percent to 27 cents.

NUFARM

Nufarm says it has appointed Alexandra Gartmann as a non-executive director, effective from September 23, 2022.

Nufarm said Ms Gartmann was the current chair of the Victorian Agriculture and Climate Change Council and a director of the Australian Farm Institute, and was previously the chair of the CSIRO's Agriculture and Food Advisory Council, a member of the National Rural Advisory Council, and Rural Bank's chief executive officer.

The company said Ms Gartmann held a Bachelor of Science from the Australian National University.

Nufarm was up seven cents or 1.3 percent to \$5.40 with 1.65 million shares traded.

EPSILON HEALTHCARE (FORMERLY THE HYDROPONICS COMPANY)

Epsilon says director Patrick Baiyu Xu has resigned, sold his six percent holding and Alan Beasley has been re-appointed as a director, effective September 22, 2022.

Epsilon said that executive chair Steven Xu had returned to the role of non-executive chair.

In a separate announcement, the Sydney-based Mr Xu said that on September 22, he sold his 17,647,059 shares (5.9%) for \$750,000 or 4.25 cents a share.

The company said that Mr Xu's resignation, effective September 21, was "immediately prior to his conduct of an off-market transfer... to a third party at 4.25 cents per share - a premium of over 84 percent to the last traded price".

In 2021, Epsilon said its annual general meeting voted founder and then Hydroponics former chair Alan Beasley off the board, with 22,098,835 opposition votes (64.31%) and 12,261,499 votes (35.63%) in favor (AVW: Jul 30, 2021).

Epsilon was up 0.2 cents or 8.7 percent to 2.5 cents with 2.05 million shares traded.