

Ag & Vet Weekly



Monday September 27 – Friday October 1, 2021

All the news on ASX-listed agriculture and veterinary companies

- * **ASX, AVW-42 DOWN: PALLA UP 9%; AVECHO DOWN 10%**
- * **SYNLAIT REVENUE UP 5% TO \$1.3b, PROFIT TO \$27m LOSS**
- * **BOTANIX TRIALS CANNABINOID BTX1204A FOR DOG ECZEMA**
- * **PHARMAUST: OPTIONS RIGHTS OFFER FOR \$792k**
- * **MGC: AMC ORDERS 1,000 CIMETRA UNITS**
- * **COBRAM 167% DIRECTORS PAY POOL HIKE AGM**
- * **PERPETUAL TAKES 5% OF A2 MILK**
- * **SPHERIA BELOW 5% IN RIDLEY**
- * **SYNLAIT LOSES MILNE; PENNO CHAIR, WATSON CEO, STOWELL CFO**
- * **AP HEMP APPOINTS TOM SIEBEL DIRECTOR**

MARKET REPORT

The Australian stock market fell 2.0 percent on Friday October 1, 2021, with the ASX200 down 146.7 points to 7,185.5 points. Twelve of the AVW-42 stocks were up, 18 fell, 11 traded unchanged and one was untraded.

Palla Pharma was the best, up three cents or 8.6 percent to 38 cents, with 414,097 shares traded. Roots climbed 5.9 percent; Anatara and Food Revolution were up more than three percent; Pharmaust rose 2.2 percent; Cann Group and Huon were up more than one percent; with A2 Milk, Clover, Ridley, Synlait and Tassal up by less than one percent.

Avecho led the falls, down 0.2 cents or 10 percent to 1.8 cents, with 1.2 million shares traded.

MGC lost 8.2 percent; Ecofibre and Elixinol fell more than four percent; Murray Cod, Next Science and Seafarms were down three percent or more; Auscann, Bega and Costa shed more than two percent; AP Hemp, Cobram, Elders, Nanollose, Nufarm and Terragen were down one percent or more; with Clean Seas and Select Harvests down by less than one percent.

SYNLAIT MILK

Synlait says that revenue for the 12 months to July 31, 2021 was up 5.0 percent to \$NZ1,367,349,000 (\$A1,318,097,278) with net profit after tax turned to a loss of \$NZ28,451,000 (\$A27,312,170).

Synlait said that revenue was up due to the success of its Dairyworks business, but offset by the impact of Covid-19 on major customer, A2 Milk.

In his chair's address, Graeme Milne said the loss was the first since the company listed on the New Zealand Stock Exchange in 2013.

Mr Milne attributed the loss to the "massive and sudden" drop in demand from A2 Milk for infant formula.

"The delayed impacts of Covid-19 on consumer behavior, channel dynamics and supply chain disruptions became very real," Mr Milne said.

"The drop in demand resulted in an immediate change to our manufacturing plans as we switched to ingredients production for the remainder of 2020-'21," Mr Milne said.

"This happened as global commodity markets firmed, and global shipping delays intensified, making it harder for our team to find new customers and achieve our usual ingredient premiums," Mr Milne said.

The company said net tangible asset backing per share increased from \$NZ2.76 in 2020 to \$NZ2.93 this year.

Synlait said that last year's 41.35 NZ cents diluted earnings per share turned to a loss per share of 13.75 NZ cents, and it had cash and cash equivalents of \$NZ16,020,000 at July 31, 2021, compared to \$NZ5,887,000 the previous year.

Synlait was up one cent or 0.3 percent to \$3.55.

BOTANIX PHARMACEUTICALS

Botanix says it plans to enrol 45 dogs in a proof-of-concept study of its topical synthetic cannabidiol BTX1204A for atopic dermatitis or eczema.

Botanix said it would evaluate high and low dose formulations of BTX1204A and a vehicle arm with 15 dogs each, with dogs treated twice daily over 28 days.

The company said the study's objective would be to evaluate the treatment's effectiveness, using the enhanced pruritus score (EPS) and the canine atopic dermatitis extent and severity index (CADESI-04).

In May, Botanix said a four-dog study of BTX1204A for atopic dermatitis, or eczema, showed "encouraging results" with "early positive efficacy signals" (BD: May 17, 2021).

The company said that data generated in the BTX1204A pilot study showed that a higher dose formulation of synthetic cannabidiol in a new Permetrex formulation "showed significant reduction on average in both the EPS and the CADESI-04 scores over the 28-day treatment period".

In 2020, Botanix said its 200-patient, phase II trial of BTX1204 for atopic dermatitis did not meet its primary or secondary endpoints (BD: Mar 25, 2020).

Today, the company said that "successful outcomes from the ... study will drive licencing programs for animal health and also support progression to a late-stage phase IIb clinical study in humans with atopic dermatitis".

Botanix executive chair Vince Ippolito said that "given the similarity in disease between humans and canines, this study is an efficient and effective pathway to establishing the potential for a higher dose Permetrex formulation to demonstrate a new option for treating this significant disease challenge".

Botanix fell 0.2 cents or 2.9 percent to 6.8 cents with 1.6 million shares traded.

PHARMAUST

Pharmaust says will conduct a pro-rata, non-renounceable 1-for-four rights offer of up to 79,228,096 options at one cent each to raise \$792, 281.

Pharmaust said the options would be exercisable at 20 cents each, by October 31, 2023. The company said the primary purpose of the offer was to “reward eligible shareholders with an attractively priced options offer”.

Pharmaust said the funds would be used as additional working capital and to meet offer expenses.

Pharmaust said the rights offer record date would be October 7, it would open on October 12 and close on November 2, 2021.

Pharmaust

MGC PHARMACEUTICALS

MGC says distribution partner AMC Holdings Inc has placed an initial order for 1,000 units of Cimetra for sale in the US.

Last month, MGC said it had a supply and distribution deal with the Tampa, Florida-based AMC with minimum orders of \$US24 million (\$A33.1 million) for its marijuana and artemisinin products over three years (BD: Aug 27, 2021).

Today, MGC said AMC was working with Tampa’s University of South Florida and Fort Lauderdale’s Holy Cross Hospital, to submit applications for Cimetra and the marijuana based Cognicann for trial approvals.

MGC fell half a cent or 8.2 percent to 5.6 cents with 8.1 million shares traded.

COBRAM ESTATE OLIVES

Cobram says that its annual general meeting will vote to increase the non-executive directors remuneration pool by 166.7 percent from \$300,000 to \$800,000.

Cobram said that the increase would “allow for increases in fees to maintain market competitiveness and to reflect increasing demands on non-executive directors”.

The company said that the \$300,000 limit was set prior to listing on the ASX and prior to Paul Riordan and Rob McGavin transitioning from executive to non-executive directors.

Cobram said that the \$800,000 a year would each of the non-executive directors to receive a fee of \$100,000 and for the chair to receive an additional \$100,000.

The company said the meeting would vote on the remuneration report and the election of directors, Joanna McMillan, Mr McGavin, Jonathan West and Sam Beaton.

The meeting will be held virtually on October 29, 2021 at 11am (AEDT) and will be available at <https://agmlive.link/agm/CBO21/>.

Cobram fell two cents or one percent to \$2.01.

A2 MILK CO

Perpetual says it has become a substantial shareholder in A2 Milk with 37,687,348 shares (5.07%).

The Sydney-based Perpetual said that it bought the shares in more than 850 trades between May 28 and September 24, 2021, at prices ranging from \$5.31 to \$7.18 a share.

A2 Milk was up two cents or 0.3 percent to \$6.26 with 4.7 million shares traded.

RIDLEY CORP

Spheria Asset Management says it has reduced below the five percent substantial shareholder level in Ridley Corp.

The Brisbane-based Spheria said it sold 1,539,837 shares for \$864,227 or 56.1 cents a share.

In March, Spheria said it held 16,657,047 shares or 5.21 percent of Ridley, implying it retained 15,117,210 shares.

Ag & Vet Weekly calculates that Spheria holds 4.73 percent of Ridley (AVW: Mar 5, 2021). Ridley was up one cent or 0.75 percent to \$1.35 with 2.4 million shares traded.

SYNLAIT MILK

Synlait says it has appointed Grant Watson as its chief executive officer, effective from January 2022, with acting chief financial officer Robert Stowell appointed to that role.

Synlait said that Mr Watson was currently the chief executive officer of dairy company Miraka, and prior to Miraka was an executive at Fonterra and McDonalds New Zealand.

Synlait chair Graeme Milne said that Mr Watson had “overseen the successful commercialization of numerous value-added dairy products”.

“This is a key part of Synlait’s strategy going forward and we look forward to benefiting from his skills and experience,” Mr Milne said.

Synlait said that Mr Stowell had been acting chief financial officer for five months and had been appointed as the permanent chief financial officer.

The company said that when Mr Milne retired at the December 2021 annual general meeting, outgoing chief executive officer John Penno would be appointed chair.

Synlait said that Mr Milne would be appointed as an advisor for 12 months.

AUSTRALIAN PRIMARY HEMP

AP Hemp says it has appointed Thomas (Tom) Siebel as an independent non-executive director, effective from October 21, 2021.

AP Hemp said Mr Siebel was previously Sakata Rice Crackers chief executive officer, Sigma’s Herron Pharmaceuticals managing-director, Coles’ category marketing general-manager and co-founded Voost Vitamins.

The company said Mr Siebel’s appointment “completed the board renewal process ... underway since June 2021”.

AP Hemp fell half a cent or 1.6 percent to 31.5 cents.