

Ag & Vet Weekly



Monday January 31 – Friday February 4, 2022

All the news on ASX-listed agriculture and veterinary companies

- * **ASX200 UP, AVW-41 EVEN: MEMPHASYS UP 7.5%; ROOTS DOWN 8%**
- * **BUBS H1 RECEIPTS UP 73% TO \$39.2m**
- * **TASFOODS RECEIPTS UP 3.5% TO \$70m**
- * **FOOD REVOLUTION H1 RECEIPTS UP 2% TO \$17.3m**
- * **ECOFIBRE H1 RECEIPTS DOWN 6.4% TO \$16.7m**
- * **WELLNEX LIFE H1 RECEIPTS UP 1839% TO \$9.6m**
- * **NEXT SCIENCE RECEIPTS UP 223% to \$13.6m**
- * **ELIXINOL RECEIPTS DOWN 31.5% TO \$9.65m**
- * **MURRAY COD H1 RECEIPTS UP 23% TO \$4.3m**
- * **WIDE OPEN AGRICULTURE H1 RECEIPTS UP 163% TO \$4.2m**
- * **MGC H1 RECEIPTS UP 312% TO \$3.6m**
- * **CRESO RECEIPTS UP 71% TO \$6.4m**
- * **EPSILON RECEIPTS DOWN 28% TO \$5m**
- * **PHARMAUST (EPICHEM) H1 RECEIPTS UP 31% TO \$1.7m**
- * **SUSTAINABLE NUTRITION H1 RECEIPTS UP 133% TO \$1.6m**
- * **NUFARM: NUSEED, BP 10-YEAR CARINATA BIOFUEL AGREEMENT**
- * **CRESO TO BUY SIERRA SAGE FOR \$29.5m SCRIP; SANDBOX 'VIRTUAL LAND'**
- * **AVECHO, TEAM SAAS \$1.4m US TPM-MARIJUANA EDIBLES DEAL**
- * **PHARMAUST FORMULATES MONEPANTEL FOR MND TRIAL**
- * **CANN GLOBAL AGM 32% REM REPORT 1st STRIKE; FELDMAN SHARES**
- * **VINVA TAKES 5% OF NUFARM**
- * **VASILIOS VOTSARIS TAKES 6% OF FOOD REVOLUTION**
- * **FOUNDER CIA MANN BELOW 5% OF SUSTAINABLE NUTRITION**
- * **PHARMAUST LOSES EPICHEM CEO COLIN LA GALIA**
- * **PAUL TOWNSEND, TERRIE MORGAN REPLACE NUFARM CO SEC FIONA SMITH**

MARKET REPORT

The Australian stock market was up 0.59 percent on Friday February 4, 2022, with the ASX200 up 42.1 points to 7,120.1 points. Eighteen of the AVW-41 stocks were up, 17 fell, three traded unchanged and three were untraded.

Memphasys was the best, up 0.5 cents or 7.5 percent to 7.2 cents, with 151,308 shares traded. Sustainable Nutrition climbed 6.7 percent; Food Revolution and Wellnex were up four percent or more; Seafarms improved 3.1 percent; Bubs, Costa, Ecofibre, Elixinol, Murray Cod and Synlait rose more than two percent; A2, Auscann, Clean Seas and Elders were up more than one percent; with Next Science, Select Harvests and Tassal up by less than one percent.

Roots led the falls, down 0.05 cents or 8.3 percent to 0.55 cents, with 1.7 million shares traded. Avecho lost 6.7 percent; Nanollose fell 4.55 percent; Creso and MGC were down more than three percent; Althea, Cann Group and Rare Foods shed more than two percent; Apiam, Bega, Clover, Epsilon, Fonterra, Nufarm and Wide Open lost one percent or more; with Cobram and Ridley down by less than one percent.

BUBS AUSTRALIA

Bubs says that receipts from customers for the six months to December 31, 2021 were up 72.8 percent to \$39,216,000 compared to previous corresponding period.

Bubs said that receipts, primarily from its infant formula and adult goat dairy products, for the three months to December 31, 2021 improved 79.8 percent to \$23,928,000.

The company said it was \$2,388,000 cash-flow positive for the three months to December 31, 2021, with cash and cash equivalents of \$30,635,000 at December 31, 2021, compared to \$40,210,000 at December 31, 2020.

Bubs was up one cent or 2.2 percent to 46 cents with 1.6 million shares traded.

TASFOODS

Tasfoods says that receipts from customers for the 12 months to December 31, 2021 were up 3.5 percent to \$69,724,000 compared to the prior corresponding period.

Tasfoods said that receipts, primarily from its poultry and dairy products, for the three months to December 31, 2021 improved 5.8 percent to \$18,659,000.

The company said it had a cash burn of \$2,227,000 for the three months to December 31, 2021, with cash and cash equivalents of \$1,417,000, compared to \$7,244,000 in the previous corresponding period; and was taking steps to improve its cash flows.

Tasfoods was untraded at 8.7 cents.

FOOD REVOLUTION GROUP

Food Revolution says receipts from customers for the six months to December 31, 2021 were up 1.9 percent to \$17,303,000 compared to the prior corresponding period.

Food Revolution said that receipts, primarily from its juice drinks, for the three months to December 31, 2021 fell 2.7 percent to \$9,171,000.

The company said it had a cash burn of \$588,000 for the three months to December 31, 2021, with cash and cash equivalents of \$878,000, compared to \$2,937,000 at December 31, 2020, with \$1,000,000 in unused finance available providing 3.2 quarters of cash.

Food Revolution was up 0.1 cents or 4.8 percent to 2.2 cents.

ECOFIBRE

Ecofibre says that receipts from customers for the six months to December 31, 2021 fell 6.4 percent to \$16,676,000 compared to the prior corresponding period.

Ecofibre said that receipts for the three months to December 31, 2021 fell by 18.5 percent to \$8,778,000, including \$3.3m revenue from its Hemp Black textile products, \$3.1m revenue from Ananda Health marijuana and hemp derivative products and \$1.2m revenue from Ananda food additive products.

The company said it had a cash burn for the three months to December 31, 2021 of \$2,192,000, with cash and cash equivalents of \$5,917,000 at December 31, 2021, compared to \$13,495,000 at December 31, 2020.

Ecofibre was up one cent or 2.5 percent to 41.5 cents.

WELLNEX LIFE (FORMERLY WATTLE HEALTH AUSTRALIA)

Wellnex says receipts from customers for the six months to December 31, 2021 were up 1,839.3 percent to \$9,580,000 compared to the prior corresponding period.

Wellnex said that receipts, primarily from its Iron Company slow-release iron gummy product, its Wakey Wakey “complementary medicine” and its liquid paracetamol product, for the three months to December 31, 2021 improved 1269.6 percent to \$4,725,000.

The company said it had a cash burn of \$2,946,000 for the three months to December 31, 2021, with cash and cash equivalents of \$4,453,000 at December 31, 2021, compared to \$105,000 at December 31, 2020.

The company said it had 1.79 quarters of funding available but that it did “not expect to have the current level of net operating cash outflows for the next quarter”.

Wellnex said the current quarter “included payments for the build-up of inventory in the business which will convert to sales in future quarters”.

Wellnex was up half a cent or four percent to 13 cents.

NEXT SCIENCE

Next Science says customer receipts for the year to December 31, 2021 was up 222.5 percent to \$US9,513,000 (\$A13,596,000) compared to the prior corresponding period.

Next Science said that receipts, primarily from its Xperience surgical wash, for the three months to December 31, 2021 rose 956.3 percent to \$US2,947,000.

The company said it had a cash burn for the three months to December 31, 2021 of \$US2,081,000, with cash and equivalents of \$US7,368,000 at December 31, 2021 compared to \$US15,339,000 at December 31, 2020.

Next Science was up one cent or 0.9 percent to \$1.12.

ELIXINOL WELLNESS

says receipts from customers for the 12 months to December 31, 2021 were down 31.5 percent to \$9,650,000 compared to the prior corresponding period.

Elixinol said that receipts, primarily from Hemp Foods Australia and marijuana products, for the three months to December 31, 2021 fell by 29.9 percent to \$2,290,000.

The company said it had a cash burn of \$3,220,000 for the three months to December 31, 2021, with cash and cash equivalents of \$12,649,000 at December 31, 2021, compared to \$27,743,000 at December 31, 2020.

Elixinol was up 0.2 cents or 2.9 percent to seven cents.

MURRAY COD AUSTRALIA

Murray Cod says receipts from customers for the six months to December 31, 2021 was up 23.3 percent to \$4,349,000 compared to the prior corresponding period.

Murray Cod said its receipts from customers for its sales of Murray cod to hospitality venues and supermarkets for the three months to December 31, 2021 was up 28.7 percent to \$2,333,000 compared to the prior corresponding period.

The company said that it had a cash burn of \$3,155,000 for the three months to December 31, 2021, with cash and equivalents of \$31,659,000 compared to \$3,563,000 at December 31, 2020.

Murray Cod was up 0.75 cents or 2.6 percent to 29.75 cents.

WIDE OPEN AGRICULTURE

Wide Open Agriculture says customer receipts for the six months to December 31, 2021 rose 163.2 percent to \$4,235,000 compared to the prior corresponding period.

Wide Open Agriculture said that receipts, primarily from its Dirty Clean Foods plant-based milk substitute products and other plant-based food substitutes, for the three months to December 31, 2021 improved 170.5 percent to \$2,405,000.

The company said it had a cash burn of \$2,189,000 for the three months to December 31, 2021, with cash and cash equivalents of \$26,219,000 at December 31, 2021, compared to \$14,310,000 at December 31, 2020.

Wide Open fell one cent or 1.5 percent to 65.5 cents.

MGC PHARMACEUTICALS

MGC says receipts from customers for the six months to December 31, 2021 was up 312.3 percent to \$3,562,000 compared to the prior corresponding period.

MGC said its receipts from customers for its marijuana products for the three months to December 31, 2021 was up 242.8 percent to \$2,619,000 compared to the prior corresponding period.

The company said that it had a cash burn of \$3,925,000 for the three months to December 31, 2021, with cash and equivalents of \$8,096,000 compared to \$1,571,000 at December 31, 2020.

MGC fell 0.1 cents or three percent to 3.2 cents with 6.5 million shares traded.

CRESO PHARMA

Creso says receipts from customers for the 12 months to December 31, 2021 was up 70.8 percent to \$6,409,000 compared to the prior corresponding period.

Creso said its receipts from customers for its recreational and medical marijuana products for the three months to December 31, 2021, was up 221.7 percent to \$2,281,000 compared to the prior corresponding period.

The company said that it had a cash burn of \$4,424,000 for the three months to December 31, 2021, with cash and equivalents of \$7,062,000 compared to \$6,004,000 at December 31, 2020.

Creso fell 0.3 cents or 3.3 percent to 8.7 cents with 8.5 million shares traded.

EPSILON HEALTHCARE (FORMERLY THE HYDROPONICS CO)

Epsilon says receipts from customers for the 12 months to December 31, 2021 was up 28.0 percent to \$4,981,000 compared to the prior corresponding period.

Epsilon said receipts from customers for its marijuana products for the three months to December 31, 2021 fell 71.9 percent to \$458,000 compared to the prior period.

The company said it had a cash burn of \$1,711,000 for the three months to December 31, 2021, with cash of \$2,335,000 compared to \$6,968,000 at December 31, 2020.

Epsilon fell 0.1 cents or 1.45 percent to 6.8 cents.

PHARMAUST

Pharmaust says receipts from customers for the six months to December 31, 2021 was up 30.5 percent to \$1,724,000 compared to the prior corresponding period.

Pharmaust said its receipts from customers, primarily from its wholly-owned Epichem subsidiary's medicinal chemistry contracts, for the three months to December 31, 2021 were up 67.9 percent to \$922,000 compared to the prior corresponding period.

The company said it had a cash burn of \$656,000 for the three months to December 31, 2021, with cash of \$2,644,000 compared to \$3,610,000 at December 31, 2020.

Pharmaust was unchanged at 9.8 cents.

SUSTAINABLE NUTRITION GROUP (FORMERLY AUSTRALIAN PRIMARY HEMP)

Sustainable Nutrition says customer receipts for the six months to December 31, 2021 were up 133.1 percent to \$1,641,000 compared to the prior corresponding period.

Sustainable Nutrition said that receipts, primarily from its Mt Elephant brand plant-based milk substitute products and marijuana products, for the three months to December 31, 2021 improved 98.1 percent to \$723,000.

The company said it had a cash burn of \$1,471,000 for the three months to December 31, 2021, with cash of \$5,393,000, compared to \$947,000 at December 31, 2020.

Sustainable Nutrition was up one cent or 6.7 percent to 16 cents.

NUFARM

Nufarm says its wholly owned subsidiary Nuseed will supply carinata oil as biofuel feedstock to BP under a 10-year strategic agreement.

Nufarm said it would continue to expand its network of growers and supply chain partners to deliver carinata oil as a biofuel feedstock to BP.

The company said that BP would make undisclosed payments to Nuseed based on undisclosed milestones, which would assist the cost of expanding the carinata platform.

Nufarm said that carinata was "a non-food cover crop that can be used to produce low-carbon bio-fuel feedstock that is independently certified, sustainable and scalable".

According to Wikipedia, brassica carinata was also known as Ethiopian mustard and Ethiopian rape and was a hybrid between Brassica nigra and Brassica oleracea.

Nufarm chief executive officer Greg Hunt said "in the short term, the expansion of Nuseed carinata is expected to be self-funding and the impact to Nufarm's underlying earnings, while positive, is not anticipated to be material" with the potential to significantly increase its contribution to earnings in later years.

The company said that BP was aiming to more than double its bioenergy portfolio by 2025 and quadruple it by 2030, compared to 2019 levels.

Nufarm fell seven cents or 1.25 percent to \$5.52 with 3.9 million shares traded.

CRESO PHARMA

Creso Pharma says it will buy the Lyons, Colorado-based Sierra Sage Herbs LLC for \$US21 million (\$A29.5 million) in shares upfront, with additional milestone payments. Creso said Sierra Sage was “company focused on plant-based and [marijuana] products under the Green Goo, Southern Butter and Goodgoo brands offering products in the ... first aid, beauty, sexual wellness, women’s health and pet categories”.

The company said that Sierra Sage was a revenue generating acquisition, with sales of \$US4.7 million in 2018, more than \$US8 million in 2020 and \$US5.7 million in 2021.

Creso said that the milestone payments were based on Sierra Sage achieving sales of up to \$US10 million in 2022 and up to \$US20 million in 2023.

The company said Sierra Sage co-founder and chief executive officer Jodi Scott had been appointed a Creso executive director and head of US operations.

Creso said that the acquisition would help it enter the US marijuana market, “which is expected to grow in value to \$US12 billion by 2026”.

Creso managing-director William Lay said the acquisition was “a major milestone”.

“It marks entry into the US [cannabidiol] market and provides a strong foundation to rapidly scale-up operations, product development and sales, as well as further [mergers and acquisitions] transactions” Mr Lay said.

Separately, Creso said it had acquired a “strategic landholding in the Sandbox’s metaverse ... to launch the Cresoverse”.

The Sandbox Game website said it was “a community-driven platform where creators can monetize voxel assets and gaming experiences on the blockchain”, but did not explain “voxel assets” which appear to be software associated with computer gamers.

Creso said it would develop “a digital replica of its 24,000 square foot cannabis cultivation facility in Nova Scotia” and the metaverse was “a collection of [3-dimensional] virtual reality powered worlds which foster social interaction through technology to combine the physical and digital” ... [which could] monetize digital assets and experiences”.

Creso said that the Sandbox was expected to launch in March 2022.

AVECHO BIOTECHNOLOGY

Avecho says it has signed a \$US1 million (\$A1.4 million) deal with Team Saas LLC to use its tocopheryl phosphate mixture (TPM) for “recreational cannabis distillate”.

Avecho said that under the agreement, the Irvine, California based Team Saas agreed to a licence fee based on net profits after tax, but no less than \$US1 million in the first year, \$US2.5 million within two years and \$US5 million within four years.

The company said it would grant Team Saas an exclusive right to use TPM in the manufacture and distribution of a marijuana distillate for recreational edibles in the US, which Team Saas would buy at a fixed but undisclosed price.

Avecho said Team Saas had receives orders from Big Chief “the largest recreational cannabis supplier in the US” for the TPM marijuana.

Avecho chief executive officer Dr Paul Gavin said the agreement was “a fantastic opportunity for Avecho”.

“We have long held a firm belief that our work and technology in the pharmaceutical cannabinoid space would drive interest in the other cannabis markets, including recreational,” Dr Gavin said.

“There are no significant development costs or timelines required to commercialize this TPM-cannabis product; allowing Avecho to begin deriving revenue in the very near term while we continue to progress the longer pharmaceutical programs,” Dr Gavin said.

Avecho fell 0.1 cents or 6.7 percent to 1.4 cents.

PHARMAUST

Pharmaust says it expects to complete manufacturing of monepantel in mid-February for a trial of motor neurone disease (MND) to begin in May 2022.

Pharmaust said the active pharmaceutical ingredient would be shipped to the US for formulation and tableting, scheduled for mid-March.

"Implementation of a successful accelerated stability program mid-April should enable the release of finished product in May 2022," the company said.

Pharmaust said it had "focused on developing a high-purity specification for the product, suitable for both human and veterinary purposes".

In 2015, Pharmaust said it would develop a tasteless capsule of monepantel, then known as PPL-1 for human and dog cancer trials, but "there may be some challenges in patients tolerating the treatment due to the taste".

In 2020, Pharmaust said it received \$881,085 for a phase I trial of monepantel for motor neurone disease from Fight MND, to begin in early 2021 (AVW: Sep 25, 2020).

Pharmaust has previously trialed monepantel, the Elanco sheep round-worm drench, for cancer in humans and dogs, and has made several announcements claiming pre-clinical efficacy for severe acute respiratory syndrome coronavirus 2 (Sars-Cov-2) the virus that causes Covid-19 (AVW: May 15, Jun 19, Aug 28, 2020).

Pharmaust chief scientific officer Dr Richard Mollard said that "late May 2022 remains the scheduled timing for recruitment of the first person into the MND clinical trial".

"We will then follow this up with recruiting for a Covid-19 antiviral clinical trial," Dr Mollard said. "We are looking forward to a year of working through many milestones."

"Protocols and ethics [and] regulatory approvals are now in place for the evaluation of monepantel in motor neurone disease," Dr Mollard said. "

CANN GLOBAL

Cann Global says more than 31 percent of shareholders opposed the issue of \$312,000 in shares to Pnina Feldman, and delivered a remuneration report first strike.

Cann Global said that approval for the issue of Ms Feldman's \$312,000 "settlement fee" shares was opposed by 348,925,340 votes, or 39.27 percent of the vote.

The company said that the remuneration report was opposed by 280,316,830 votes, or 31.86 percent of the vote.

Cann Global said that the special resolution to renew the 10 percent placement capacity failed with 26.28 percent of the meeting opposed and all other resolutions including the 25-to-one consolidation were passed with more than 23.8 percent opposition.

According to its most recent filing, Cann Global had 6,335,486,785 shares on issue meaning that the opposition to the Ms Feldman's shares amounted to 5.5 percent, of the company, sufficient to requisition extraordinary general meetings.

Cann Global fell 0.1 cents or 2.3 percent to 4.2 cents with two million shares traded.

NUFARM

Sydnye's Vinva Investment says it has become a substantial holder in Nufarm with 19,002,349 shares or 5.00 percent.

Vinva said that it bought, sold and transferred shares between September 30, 2021 and January 31, 2022.

The company said it bought 14,046,318 shares for \$65,807,863 or \$4.69 a share and sold 178,594 shares for \$847,907 or \$4.75 a share, as well as transferring in 204,380 shares and transferring out 6,222 shares.

FOOD REVOLUTION

Vasilios Votsaris says he has increased his holdings in Food Revolution from 48,555,189 shares (5.1286%) to 58,865,689 shares (6.22%).

Mr Votsaris said he bought 10,310,500 shares between October 19, 2021 and January 27, 2022 through Batman Investments Pty Ltd as trustee for the Batman Investments Trust.

Mr Votsaris described the acquisitions as an “on market transfer” but did not make clear the price paid for the shares.

THE SUSTAINABLE NUTRITION CO (FORMERLY AUSTRALIAN PRIMARY HEMP)

CIA Mann Family Pty Ltd says it has ceased its substantial shareholding in Sustainable Nutrition, selling 9,227,463 shares for \$1,363,811 or 14.8 cents a share.

In the previous substantial holder notice, the Camperdown, Victorian-based Charles Mann said the company held 11,050,000 shares or 9.16 percent (AVW: Jan 17, 2022).

Ag & Vet Weekly calculates that CIA Mann holds 1,822,537 shares equivalent to 1.51 percent of the company.

In 2020, the then Australian Primary Hemp said that founder, chief executive officer and executive director Charles Mann had resigned (AVW: Mar 13, 2020).

PHARMAUST

Pharmaust says that subsidiary Epichem chief executive officer Colin La Galia has resigned, effective from March 23, 2022.

Pharmaust said that Epichem was its wholly-owned synthetic and medicinal chemistry subsidiary.

The company said that Mr La Galia joined the company in 2019 and had resigned “to pursue another opportunity based in Perth ... [which was] not a competitor to Epichem or Pharmaust” (BD: Oct 14, 2019).

Pharmaust said Mr La Galia would provide strategic and operational input into the Epichem business as a consultant beyond March 23.

The company said Epichem had begun a search for a general manager and a new business development executive.

Pharmaust said that Epichem’s head of chemistry Dr Gary Pitt would be responsible for the Drugs for Neglected Diseases Initiative contract and oversees all medicinal and synthetic chemistry projects (BD: Dec 15, 2021).

The company said that Mr La Galia signed new medicinal and synthetic clients and projects, with a focus on the development of new intellectual property research and development projects and several national awards.

Pharmaust said that Mr La Galia oversaw the development of the waste conversion and re-purposing technology, oxidative hydrothermal dissolution, employment for chemists and exports to more than 40 countries.

Pharmaust executive chair Dr Roger Aston said the company was “very pleased at what Colin achieved and he leaves the Epichem business well positioned for further growth led by its strong executive team”.

NUFARM

Nufarm says it has appointed Paul Townsend and Terrie Morgan joint company secretaries following the resignation of Fiona Smith.

According to Mr Townsend's LinkedIn page he was previously Nufarm's chief financial officer.

Ms Morgan's LinkedIn page said that she was previously Nufarm's legal counsel and assistant company secretary.