

# Ag & Vet Weekly



Monday February 7 – Friday February 11, 2022

*All the news on ASX-listed agriculture and veterinary companies*

- \* **ASX200, AVW-41 DOWN: SEAFARMS UP 7%; SUSTAINABLE NUT DOWN 5%**
- \* **FEDERAL 'PATENT BOX' BILL TO CUT TAX TO 17%; OPPOSITION**
- \* **AUSCANN FDA GUIDANCE FOR CPAT-01 FOR DOG OSTEOARTHRITIS**
- \* **ROOTS \$12k GREEN TECH RZTO AZERBAIJAN DEAL**
- \* **CRESO O-T-C MARIJUANA LOZENGE FOR SARS-COV-2**
- \* **CRESO'S HALUCENEX CANADA PSILOCYBIN SUPPLIER**
- \* **ALTHEA: DR REDDY'S TO ACQUIRE DISTRIBUTOR NIMBUS HEALTH**
- \* **LITTLE GREEN TO RELEASE 55.5m ASX ESCROW SHARES**
- \* **VINVA BELOW 5% IN NUFARM**
- \* **FIL REDUCES TO 5.6% OF BEGA**
- \* **TIGA TAKES 7% OF SUSTAINABLE NUTRITION**
- \* **DR GUI MIN REPLACES QIKAI LU AS BRIGHT DAIRY SYNLAIT DIRECTOR**

## MARKET REPORT

The Australian stock market fell 0.98 percent on Friday February 11, 2022, with the ASX200 down 71.2 points to 7,217.3 points. Eleven of the AVW-41 stocks were up, 19 fell, 10 traded unchanged and one was untraded.

Seafarms was the best, up 0.2 cents or 6.9 percent to 3.1 cents, with 3.5 million shares traded. Apiam, Auscann, Food Revolution and Rare Foods improved more than four percent; Althea rose 2.4 percent; Clean Seas, Elixinol and Synlait were up more than one percent; with Select Harvests and Tassal up by less than one percent.

Sustainable Nutrition led the falls, down one cent or 5.3 percent to 18 cents, with 11,513 shares traded. Costa, Ecofibre, Epsilon and Ridley fell four percent or more; A2, Creso and Pharmaust were down more than three percent; Cann Global and Nufarm shed two percent or more; Bega, Botanix, Bubs and Tasfoods lost more than one percent; with Clover, Cobram, Elders, Next Science and Wide Open down by less than one percent.

## FEDERAL GOVERNMENT

The Federal Government has introduced the so-called 'patent box' legislation providing a tax concession for profits derived from Australian intellectual property.

A spokesperson for Federal Assistant Treasurer Michael Sukkar told Ag & Vet Weekly that Mr Sukkar introduced the 'Treasury Laws Amendment (Tax Concession for Australian Medical Innovations) Bill 2022' to the House of Representatives, on Thursday.

In his 2021-'22 Budget, Federal Treasurer Joshua Frydenberg said that a new 'patent box' system would start on July 1, 2022, and tax profits derived from patents developed in Australia at 17 percent (AVW: May 14, 2021).

The Bill said the change in taxation law "applies to [research and development] entities that make an election under this division, and to certain patents linked to therapeutic goods included in the Australian Register of Therapeutic Goods".

"It defines certain income streams in respect of such patents to be patent box income streams," the Bill said.

"Assessable income of an [research and development] entity that arises from a patent box income stream can be, to an extent, non-assessable non-exempt income," the Bill said.

The legislation said it covered patents issued in the US, Europe or Australia and defined therapeutic good as one "included in a part of the Australian Register of Therapeutic Goods", and included a formula for the amount of income from the patent subject to the tax concession.

## FEDERAL OPPOSITION

The Federal Shadow Treasurer Dr Jim Chalmers told Ag & Vet Weekly that the legislation required further consideration.

"After so much hype - and on the eve of an election - like everyone else, we've only just seen this legislation," Dr Chalmers said.

"We will consider it through our usual processes to make sure that the Government's rhetoric matches the reality," Dr Chalmers said.

"Despite their spin, the Morrison Government doesn't have a good track record when it comes to innovation and technology," Dr Chalmers said.

## AUSCANN

Auscann says the US Food and Drug Administration Centre for Veterinary Medicine has provided formal guidance for its marijuana CPAT-01 for dog osteoarthritis.

Auscann said it discussed the development program for the approval of CPAT-01 as veterinary medicine for the management of pain, inflammation and quality of life in dogs with osteoarthritis.

The company said the pre-submission conference meeting package included an overview of the CPAT-01 program, with specific questions that related to the technical sections required for a new animal drug application for approval as a veterinary medicine.

Auscann said it received "favorable recommendations" relating to its approach to a titration regimen for CPAT-01 to address the variability of cannabinoids, as well as confirmation that the development plan for safety and toxicology would be sufficient, reducing the time and cost required for the program.

The company said it had begun the design phase for its clinical effectiveness trial to generate final pilot data to inform the design of its pivotal program.

Auscann

## ROOTS SUSTAINABLE AGRICULTURAL TECHNOLOGIES

Roots says it has an \$11,784 purchase agreement with Green Tech LLC for its root zone temperature optimization technology (RZTO) for an Azerbaijan vegetable greenhouse. Roots said that the Baku, Azerbaijan Green Tech would buy a Super Mini RZTO for \$11,784 for a proof-of-concept trial on its main crop producing areas, which included tomatoes and cucumbers.

The company said that Green Tech was a fruit and vegetable producer with “a large modern green house complex with a glass construction equipped with the latest agricultural technologies”.

Roots said the sales agreement was its first in Azerbaijan, a country “with significant agricultural production primarily targeting the Russian markets”.

“Following a successful period of one or two growth cycles, Roots anticipates the [proof-of-concept] will lead to additional larger commercial orders,” the company said.

Last year, Roots said it intended to appoint Grabouw, South Africa-based Cherry Irrigation SA as its South Africa and Namibia RZTO distributor (AVW: Nov 26, 2021).

Today, the company said that it had completed a remote installation of a Super Mini RZTO system at South Africa’s Cheeba Cannabis Academy under an equal split cost of \$2,500 between the Academy and Roots.

“The system is expected to demonstrate the advantages of Roots’ RZTO technology at the plants site which is the heart of South Africa’s medical cannabis region,” Roots said.

The company said it was the first remote installation and was completed by Roots’ and the Cherry Irrigations technical staff with the use of an on-line communication platform.

Roots

## CRESO PHARMA

Creso says it is in the “final stage of development for a new hemp-based lozenge product to treat severe acute respiratory syndrome coronavirus-2 (Sars-Cov-2).

Creso said that cannabidiolic acid (CBD-A) was a precursor to cannabidiol, “which has shown strong therapeutic benefits with initial data suggesting that it may stop the ... Sars-Cov-2 virus’ spike protein from binding to and infecting a cell”.

The company said that the product would be commercialized and sold as a food supplement in Europe and Latin America by July 2022.

Creso said that “once the new product line is established, the company will take steps to introduce a range of new delivery methods for consumers”.

The company said that development of the product followed a study by Oregon State University “via a chemical screening technique invented by the organization, that highlighted hemp compounds show the ability to prevent the virus that causes Covid-19 from entering human cells”.

Creso said it had “not undertaken any independent studies on the efficacy of its new lozenge product in the treatment of Sars-Cov-2, and therefore makes no therapeutic claims in this regard”.

Creso managing-director William Lay said the company was “confident that the development of this new hemp-flour based lozenge will become the basis ... to launch another strong product range which can be sold across international markets”.

Creso

### CRESO PHARMA

Creso says that subsidiary Halucenex Life Sciences has been recognized as a licenced psilocybin supplier under Health Canada's special access program.

Creso said that the Windsor, Nova Scotia-based Halucenex could provide psychedelic compounds to researchers and patients under the special access program.

The company said that the special access program was a Federal Canadian program allowing healthcare professions to apply for medications that have not been approved for sale, intended for patients with severe or life-threatening illnesses.

In January, Creso said Halucenex would apply to become a supplier to Canada's special access program (BD: Jan 16, 2022).

### ALTHEA GROUP

Althea says that Dr Reddy's Laboratories will acquire its German medicinal marijuana distribution partner Nimbus Health GmbH.

Althea said that the Hyderabad, India-based Dr Reddy's Laboratories would acquire Nimbus Health for an upfront payment as well as performance and milestone-based payments throughout the next four years, but did not disclose the amounts.

In 2019, Althea said it had appointed Frankfurt's Nimbus Health as its sales and distribution partner for Germany (AVW: Nov 15, 2019).

Althea said that it would receive payment for products supplied to Nimbus health, along with 50 percent of the net profit of sale.

Today, Dr Reddy's head of European generics, Patrick Aghanian said that "medical cannabis is increasingly used to address and treat high unmet medical needs, especially in pain management and [the central nervous system]".

"With numerous studies being conducted to leverage and introduce medical cannabis, we believe this is a must-be field for future healthcare delivery," Mr Aghanian said.

Althea

### LITTLE GREEN PHARMA

Little Green Pharma says that 55,534,703 shares will be released from ASX escrow on February 20, 2022.

Little Green said that 3,000,000 performance rights and 7,573,536 unlisted options would also be released at the same time.

According to its most recent filing, following the release of the shares from ASX escrow, it would have 237,711,216 shares available for trading.

Little Green

### NUFARM

Sydney's Vinva Investment Management says it has ceased its substantial shareholding in Nufarm, selling 17,819 shares for \$99,732 or \$5.597 a share.

Last week, Vinva said it had become a substantial holder in Nufarm with 19,002,349 shares or 5.00 percent (AVW: Feb 4, 2022).

According to its most recent filing, Nufarm had 379,907,116 shares on issue and Ag & Vet Weekly calculates that Vinva retains 18,984,530 shares or 4.997 percent of Nufarm

Nufarm

### BEGA CHEESE

FIL Investment Management (Fidelity) says it has reduced its substantial shareholding in Bega from 19,838,245 shares (6.56%) to 16,847,714 shares (5.56%).

Sydney's FIL said it reinvested dividends, bought, sold and transitioned shares between March 22, 2021 and February 4, 2022 at prices ranging from \$4.9817 to \$6.3550 a share.  
Bega

### SUSTAINABLE NUTRITION (AUSTRALIAN PRIMARY HEMP)

Melbourne's Tiga Trading says it has become a substantial shareholder in Sustainable Nutrition with 8,737,500 shares or 7.24 percent.

Tiga and the Thorney Investment Group said that on December 23, 2021 it bought 2,500,000 shares for \$500,000 or 20 cents a share in a placement and on January 18, 2022, a further 900,000 shares on market for \$126,000 or 14 cents a share.

Last year, Sustainable Nutrition said it had commitments to raise \$4.7 million in a placement at 20 cents a share and hoped to raise a further \$3 million through an entitlement offer (AVW: Dec 17, 2021).

Sustainable Nutrition

### SYNLAIT

Synlait says that Dr Gui Min will replace Qikai Lu as one of the Bright Dairy appointed directors on its board.

Synlait said that Mr Lu was stepping down "due to work commitments".

The company said that Dr Min was currently the director of marketing of nutrition at the Shanghai-based Bright Dairy.

The company said that Dr Min held a Doctor of Philosophy from the Shanghai Institute of Materia Medica and had more than 10 years of experience in research and product development.

Synlait said that Bright Dairy owned 39.0 percent of the company and had four board seats.

Synlait