

Ag & Vet Weekly



Monday February 21 – Friday February 25, 2022

All the news on ASX-listed agriculture and veterinary companies

- * ASX200 UP, AVW-42 DOWN: SEAFARMS UP 12%; CRESO DOWN 10%
- * NEXT SCIENCE RAISES \$10m, PLAN FOR \$5m MORE
- * CRESO RAISES \$5m
- * FONTERRA FARMGATE MILK PRICE UP-TO \$9.26kgMS
- * BEGA H1 REVENUE UP 113% TO \$1.5b, PROFIT UP 29% TO \$28m
- * A2 MILK H1 REVENUE DOWN 2.5% TO \$616m, PROFIT DOWN 50% TO \$56m
- * COSTA REVENUE UP 5% TO \$1.22b, PROFIT DOWN 32% TO \$42m
- * APIAM H1 REVENUE UP 23% TO \$75m, PROFIT DOWN 33% TO \$1.7m
- * COBRAM H1 REVENUE DOWN 3% TO \$70m, LOSS DOWN 21% TO \$5m
- * BUBS H1 RECORD REVENUE UP 84% TO \$34m, LOSS DOWN 95% TO \$602k
- * FOOD REVOLUTION H1 REVENUE DOWN 2.2% TO \$22m, PROFIT TO \$1m LOSS
- * ECOFIBRE H1 REVENUE DOWN 5.4% TO \$15.5m, LOSS UP 20.7% TO \$6.7m
- * ALTHEA H1 REVENUE UP 84% TO \$9.4m, LOSS DOWN 14.85% TO \$7m
- * NEXT SCIENCE REVENUE UP 160% TO \$12m; LOSS DOWN 22% TO \$13m
- * ELIXINOL REVENUE DOWN 38% TO \$9.3m, LOSS DOWN 84% TO \$17m
- * WIDE OPEN H1 REVENUE UP 127% TO \$4m, LOSS UP 46% TO \$5.3m
- * PHARMAUST H1 REVENUE UP 52% TO \$1.7m, LOSS UP 48% TO \$1.2m
- * TERRAGEN H1 REVENUE DOWN 18.7% TO \$1.5m, LOSS DOWN 15% TO \$2.9m
- * NANOLLOSE REQUESTS 'NULLARBOR PILOT SPIN' TRADING HALT
- * PHARMAUST APPOINTS ERGOMED FOR MONEPANTEL COVID-19 TRIAL
- * PHARMAUST: 'MONEPANTEL EFFECTIVE FOR LEUKAEMIA, IN-VITRO'
- * SANDRA YU TO REPLACE A2 MILK DIRECTOR BESSIE LEE
- * TERRAGEN LOSES DIRECTOR DR PAUL SCHOBBER

MARKET REPORT

The Australian stock market was up 0.1 percent on Friday February 25, 2022, with the ASX200 up 7.2 points to 6,997.8 points. Fifteen of the AVW-42 stocks were up, 17 fell, five traded unchanged and five were untraded.

Seafarms was the best, up 0.3 cents or 11.5 percent to 2.9 cents, with 4.2 million shares traded.

Both Roots and Sustainable Nutrition climbed 10 percent; Botanix and Food Revolution were up more than five percent; Select Harvests was up 3.15 percent; Bubs, Cann Group, Next Science, Pharmaust and Ridley rose more than two percent; A2, Epsilon and Synlait were up more than one percent; with Nufarm up by 0.9 percent.

Creso led the falls, down 0.8 cents or 10.4 percent to 6.9 cents, with 10.8 million shares traded.

Elixinol lost 10.0 percent; Wellnex fell 8.3 percent; Avecho retreated 7.7 percent; Cann Global and Terragen were down more than three percent; Apiam, Auscann, Bega and Tassal shed more than two percent; Clover, Costa and Fonterra lost more than one percent; with AA Co, Clean Seas, Cobram and Elders down by less than one percent.

NEXT SCIENCE

Next Science says it has raised \$10 million in a placement at 90 cents a share and hopes to raise a further \$5 million in a share plan.

Next Science said that the funds would support its commercial rollout and further clinical program development for Xperience and working capital.

The company said the capital raising price was a 12.6 percent discount to the last closing price and a 15.5 percent discount to the 5-day volume-weighted average price.

Next Science said that major shareholder Lang Walker had committed \$4 million to the placement.

The company said the share plan would be priced at the lower of 90 cents or a two percent discount to the 5-day volume-weighted average price to the plan's closing date.

Next Science said the plan's record date was February 23, it would open on March 4 and close on March 23, 2022.

The company said the placement was managed by Canaccord Genuity and Wilsons.

Next Science was up two cents or 2.2 percent to 93 cents.

CRESO PHARMA

Creso says it has "firm commitments" to raise \$5 million in a placement at 6.9 cents a share.

The company said the placement price was a 10.4 percent discount to the last traded price of 7.7 cents.

The company said the funds would be used for support its ongoing US expansion, product development and working capital.

Creso fell 0.8 cents or 10.4 percent to 6.9 cents with 10.8 million shares traded.

FONTERRA SHAREHOLDERS' FUND

Fonterra says it has increased its 2021-'22 forecast farmgate milk price range to \$NZ9.30 to \$NZ9.90 (\$A8.70 to \$A9.26) per kilogram of milk solids (kg/MS).

In February, Fonterra said it increased its 2021-'22 forecast farmgate milk price range to \$NZ8.90 to \$NZ9.50 (\$A8.32 to \$A8.89) kg/MS (AVW: Feb 28, 2022).

Today, the company said the midpoint was increased to \$NZ9.60 and that the "2021-'22 guidance of 25 NZ cents to 35 NZ cents per share remains unchanged".

Last month, Fonterra said it was monitoring inflationary pressures, as well as the potential for volatility as a result of high dairy prices and economic disruptions from Covid-19 (AVW: Feb 28, 2022).

Fonterra chief executive officer Miles Hurrell said that since Fonterra had last revised its forecast, "average whole milk powder prices on [Global Dairy Trade] have increased 10.3 percent, while skim milk powder has increased 8.4 percent ... both products are key drivers of our milk price".

"Global demand for dairy remains firm, while global milk supply growth continues to track below average levels," Mr Hurrell said.

"These demand and supply dynamics are supporting the increase in prices," Mr Hurrell said.

"Milk production in the EU and Us continues to be impacted by the high cost of feed and this is not expected to change in the coming months," Mr Hurrell said.

Mr Hurrell said that in New Zealand, "ongoing challenging weather conditions have continued to impact grass growing conditions".

"As a result, [Fonterra] has revised its 2021-'22 New Zealand milk collections forecast to 1,480 million kg/MS, down 3.8 percent compared to last season, noting that last season generally benefited from much better growing conditions," Mr Hurrell said.

"The forecast midpoint of \$NZ9.60 per kg/MS represents a cash injection of \$14 billion into New Zealand's economy through milk price payments alone, and will be welcome news for farmers who are facing rising costs on farm, including from inflation and rising interest rates," Mr Hurrell said.

Fonterra fell five cents or 1.5 percent to \$3.28.

BEGA CHEESE

Bega says that revenue for the six months to December 26, 2021 was up 113.0 percent to \$1,507,200,000 with net profit after tax up 29.0 percent to \$28,000,000.

Bega said revenue came primarily from Bega cheese and milk sales, Tatura Milk sales, the Peanut Company of Australia and food packaging and distribution.

The company said it was "impacted significantly by Covid-19 during the first half [year]" including prices for foreign-sourced fuel, packaging, resin and coffee.

Bega said that the spread of the Omicron variant "created significant disruption to the local supply chain and our customer channels" including staff shortages and reduced retail foot traffic.

The company said that a fully franked interim dividend of 5.50 cents a share for shareholders on the record date of March 2 would be paid on March 24, 2022.

Bega said that diluted earnings per share was down 4.2 percent to 9.2 cents with net tangible assets per share down 11.7 percent to \$1.96.

Bega said it had cash and cash equivalents of \$51,400,000 at December 26, 2021 compared to \$251,242,000 at December 27, 2020.

Bega fell 13 cents or 2.65 percent to \$4.77 with 2.45 million shares traded.

A2 MILK

A2 Milk says revenue for the six months to December 31, 2021 fell 2.5 percent to \$NZ660,546,000 (\$A615,645,751) with net profit after tax from continuing operations down 50.3 percent to \$NZ59,627,000 (\$A55,585,066).

A2 said revenue from Australia and New Zealand for its infant formula, liquid milk and other products fell 10.7 percent to \$NZ283.3 million, revenue from Asian was up 6.0 percent to \$NZ306.3.0 million, with North America up 5.3 percent to \$NZ32.4 million.

The company said the fall in profit was due to the acquisition of Mataura Valley Milk and the partnership with China Animal Husbandry Group, as well as “adverse product mix and cost headwinds, particularly raw milk and freight costs partially offset by price increases”.

A2 said the outlook for the six months to June 30, 2022 “has improved ... [and] is still expected to be significantly higher than [the six months to June 30, 2021]”.

A2 said diluted earnings per share fell 50.6 percent to 8.0 NZ cents, net tangible assets per share fell 12.3 percent to \$NZ1.36 and it had cash of \$NZ747,200,000 at December 31, 2021 compared to \$NZ774,643,000 at December 31, 2020.

A2 was up six cents or 1.1 percent to \$5.40 with 3.4 million shares traded.

COSTA GROUP

Costa says revenue for the year to December 26, 2021 was up 4.8 percent to \$1,220,597,000 with net profit after tax down 31.9 percent to \$41,396,000.

Costa said it had integrated the acquisitions of 2PH Farms, KW Orchards and Select Fresh, with revenue mainly from growing of mushrooms, berries, tomatoes, citrus, avocados, along with packing, marketing and distribution to Australian food retailers and export markets, and through farming operations in Morocco and China.

Costa said Covid “challenges continued to impact the operations of the group” including Australian costs for the movement and quarantine of harvest workers between states.

The company said that shipping disruptions negatively impacted citrus exports, to the US market in particular with significant delays along with vessel and lack of container availability resulting in reduced quality and revenues.

Costa said it would pay a fully-franked, final dividend of five cents a share to shareholders at the record date of March 10 on April 7, 2022, the same as last year.

The company said that diluted earnings per share fell 37.5 percent to 9.47 cents, with net tangible assets per share was up 21.3 percent to 123.22 cents.

Costa said that it had cash and cash equivalents of \$61,887,000 at December 31, 2021 compared to \$32,450,000 at December 31, 2020.

Costa fell five cents or 1.8 percent to \$2.77 with 2.9 million shares traded.

APIAM ANIMAL HEALTH

Apium says that revenue for the six months to December 31, 2021 was up 22.7 percent to \$75,140,000 with net profit after tax down 33.2 percent to \$1,690,000.

Apium said that revenue came from its veterinary practices, products and services.

The company said that a fully franked interim dividend of 1.2 cents a share for shareholders on the record date of March 22 would be paid on April 20, 2022.

Apium said diluted earnings per share was down 50 percent to one cents with net tangible asset backing per share was up 92.85 percent to negative 27 cents.

Apium said it had cash and cash equivalents of \$2,772,000 at December 31, 2021 compared to \$2,254,000 at December 31, 2020.

Apium fell two cents or 2.2 percent to 88 cents.

COBRAM ESTATE OLIVES

Cobram says that revenue for the six months to December 31, 2021 fell three percent to \$70,250,000 with net loss after tax down 20.9 percent to \$5,194,000.

Last year, Cobram listed on the ASX to further commercialize its olive oil saying that it was "Australia's largest producer and marketer of premium quality extra virgin olive oil" with operations in Australia and the US (AVW: Aug, 13, 27, 2021).

The company said that revenue for the year to June 30, 2021 was up 0.5 percent to \$139,950,000 with last year's loss turned to a net profit after tax of \$32,647,000.

This week, Cobram said "overall, production costs for the half [year] were lower than budget".

The company said that sales fell three percent "driven by a lack of availability of Californian olive oil which impacted the company's US sales".

Cobram said that the shortfall was "primarily a result of the company being unable to secure additional bulk Californian olive oil on the spot market from third-party millers, due mostly to increasing demand from the food service industry as it recovers from prior period Covid closures, leaving the company with less Californian olive oil to sell compared to the comparative period".

The company said that net tangible asset backing per share rose 51.4 percent to 53 cents, with diluted loss per share down 50.0 percent to 0.016 cents.

Cobram said it had in cash and cash equivalents of \$11,196,000 at December 31, 2021, compared to \$1,175,000 at June 30, 2021.

Cobram fell 0.5 cents or 0.3 percent to \$1.585.

BUBS AUSTRALIA

Bubs says revenue for the six months to December 31, 2021 was up 83.9 percent to a record \$33,627,180 with net loss after tax down 95.3 percent to \$601,925.

Bubs said revenue came from corporate Daigou sales, which were at a "record high up 276 percent ... now exceeding pre-Covid levels", as well as sales of instant formula, baby organic food, adult goat milk powder, fresh dairy products and canning services.

The company said diluted loss per share fell 100 percent from 2.0 cents to zero, with net tangible assets per share down 28.6 percent to 7.53 cents.

Bubs said that it had cash and cash equivalents of \$30,630,197 at December 31, 2021 compared to \$40,209,940 at December 31, 2020.

Bubs was up one cent or 2.4 percent to 43 cents with one million shares traded.

FOOD REVOLUTION GROUP

Food Revolution says revenue for the six months to December 31, 2020 was down 2.2 percent to \$21,724,949 with last year's profit turned to a net loss after tax of \$1,001,295.

Food Revolution said revenue came primarily from sales of its Juice Lab branded juice, co-packing and ingredient sales and warehousing.

The company said that diluted loss per share was up from 0.00 cents to 0.11 cents, with net tangible assets per share up from negative 0.10 cents to 0.21 cents.

Food Revolution it had cash and cash equivalents of \$878,258 at December 31, 2021 compared to \$2,936,581 at December 31, 2020.

Food Revolution was up 0.1 cents or 5.6 percent to 1.9 cents.

ECOFIBRE

Ecofibre says revenue for the six months to December 31, 2021 was up 5.4 percent to \$15,470,000, with net loss after tax up 20.7 percent to \$6,694,000.

Ecofibre said it had revenue of \$6.8 million from sales of its Hemp Black textile products, \$6.6 million from sales of its Ananda Health marijuana medicines and \$2.1 million from sales of its Ananda Food hemp-based food additives.

The company said diluted loss per share was up 17.3 percent to 2.03 cents with net tangible assets per share down 7.5 percent to 16.31 cents.

Ecofibre said it had cash and cash equivalents of \$5,917,000 at December 31, 2021 compared to \$13,495,000 at December 31, 2020.

Ecofibre was unchanged at 39.5 cents.

ALTHEA GROUP HOLDINGS

Althea says revenue for the six months to December 31, 2021 was up 84.0 percent to \$9,380,000 with net loss after tax down 14.85 percent to \$7,045,000.

Althea said revenue came from its sales and distribution of medical marijuana products in Australia, the UK and Canada, mainly through its Concierge online prescription platform.

The company said diluted loss per share was down 31.4 percent to 2.40 cents with net tangible backing per share up 1.0 percent to 8.76 cents.

Last year, the company said that net tangible asset backing per share was 10.14 cents.

Last year, Althea said it had raised \$10.64 million in a placement at 24 cents a share for its marijuana products (AVW: Aug 27, 2021).

Today, Althea said it had cash and cash equivalents of \$9,874,000 at December 31, 2021 compared to \$8,644,000 at December 31, 2020.

Althea was unchanged at 17.5 cents.

NEXT SCIENCE

Next Science says revenue for the year to December 31, 2021 was up 160.0 percent to \$US8,947,591 (\$A12,385,748) with net loss after tax down 21.5 percent to \$US9,349,639 (\$A12,944,628).

Next Science said its revenue mainly came from surgical products to counter biofilms, and that US revenues showed early signs of recovery following last year's "shutdown in the US of elective medical procedures".

The company said diluted loss per share was down 25.3 percent to 4.75 US cents, with net tangible assets per share down 51.3 percent to 4.16 US cents.

Next Science said it had cash and cash equivalents of \$US7,000,869 at December 31, 2021 compared to \$US15,339,402 at December 31, 2020.

ELIXINOL GLOBAL

Elixinol says revenue for the year to December 31, 2020 was down 37.8 percent to \$9,338,000 with net loss after tax down 83.7 percent to \$17,025,000.

Elixinol said revenue was from sales of its marijuana and hemp-based food additives and cosmetics.

The company said diluted loss per share was down 90.7 percent to 5.41 cents with net tangible assets down 46.0 percent to 6.17 cents, and it had cash and cash equivalents of \$12,649,000 at December 31, 2021 compared to \$27,243,000 at December 31, 2020.

Elixinol fell 0.5 cents or 10 percent to 4.5 cents.

WIDE OPEN AGRICULTURE

Wide Open Agriculture says revenue for the six months to December 31, 2021 was up 126.6 percent to \$3,972,000, with net loss after tax up 46.4 percent to \$5,317,000.

Wide Open said revenue came from sales of its Dirty Clean Food fresh meat products and “regenerative oat milk”, with research continuing into its lupin plant protein.

The company said diluted loss per share was up 16.0 percent to 4.49 cents, with net tangible assets per share up 45.1 percent to 20.62 cents.

Wide Open said that it had cash and equivalents of \$26,209,954 at December 31, 2021 compared to \$14,310,473 at December 31, 2020.

Wide Open Agriculture was unchanged at 60 cents.

PHARMAUST

Pharmaust says revenue for the six months to December 31, 2021 was up 52.1 percent to \$1,680,173, with net loss after tax up 47.5 percent to \$1,227,476.

Pharmaust said its revenue primarily came from its subsidiary Epichem’s medicinal chemistry contracts and other activities.

The company said diluted loss per share was up 50.0 percent from 0.26 cents in the previous year to 0.39 cents in the six months to December 31, 2021.

Pharmaust said that net tangible asset backing per share was down 13.0 percent to 1.67 cents, with cash and cash equivalents of \$2,632,895 at December 31, 2021, compared to \$3,594,871 at December 31, 2020.

Pharmaust was up 0.2 cents or 2.1 percent to 9.6 cents.

TERRAGEN HOLDINGS

Terragen says revenue for the six months to December 31, 2021 was down 18.65 percent to \$1,501,721 with net loss after tax down 15.1 percent to \$2,895,994.

Terragen said that revenue from December 31, 2020 was adjusted by \$469,324 to “reflect sales commissions as expenses where previously they were recognized net of revenue”.

The company said revenue came from sales of its Mylo liquid microbial livestock feed supplement for cows and Great Land soil conditioner.

Terragen said diluted loss per share was down 18.0 percent to 1.50 cents with net tangible assets per share down 36.6 percent to 5.03 cents a share.

The company said it had cash and cash equivalents of \$9,030,059 at December 31, 2021 compared to \$14,098,638 at December 31, 2020.

Terragen fell 0.5 cents or three percent to 16 cents.

NANOLLOSE

Nanollose has requested a trading halt “pending a material announcement regarding the outcome of the first pilot spin of [its] Nullarbor fibre”.

Trading will resume on February 28, 2022 or on an earlier announcement.

Nanollose last traded at 11 cents.

PHARMAUST

Pharmaust says that it has appointed Ergomed Clinical Research to conduct an English trial of monepantel for Covid-19 disease.

Pharmaust said that the Guildford, Surrey-based Ergomed would test the effects of monepantel in individuals infected with severe-acute-respiratory-syndrome coronavirus-2 (Sars-CoV-2), the virus that causes Covid-19.

The company said that Ergomed had identified seven hospitals in five countries that had shown interest in testing the effects of monepantel on Covid-19 patients.

Pharmaust said that the initial endpoints being considered included the recommended dose for a phase II study, assessment of any adverse events, pharmaco-kinetics, time to sustained resolution or improvement of Covid-19 symptoms, time to progression of Covid-19 symptoms and reductions in Sars-Cov-2 virus in the blood stream.

Pharmaust chief executive officer, Dr Richard Mollard said he was expecting the completion of monepantel manufacture this week and its subsequent shipment for tableting.

Dr Mollard said that tablet stability data was expected in May 2022.

“Furthermore, with greater certainty now over the tablet stability we can provide clinicians and ethics with more precise start dates and will be ready to finalize trial preparations once the Ergomed feasibility exercise is complete,” Dr Mollard said.

PHARMAUST, WALTER AND ELIZA HALL INSTITUTE OF MEDICAL RESEARCH

Pharmaust says Melbourne’s Walter and Eliza Hall Institute has shown monepantel to inhibit human T-cell leukaemia virus-1 protein production, in-vitro.

Pharmaust said that the Elanco sheep round-worm treatment monepantel could kill human T-cell leukaemia virus-1-transformed cell lines.

Pharmaust chief scientific officer Dr Richard Mollard said “these early results provide evidence that [monepantel and monepantel sulfone] may inhibit the [human T-cell leukaemia virus-1] virus according to two different mechanisms”.

“Firstly, the anti-cancer effect of [monepantel and monepantel sulfone] are potentially evident in killing cells transformed by the [human T-cell Leukaemia virus-1].”

“Secondly, an anti-viral effect is potentially evident whereby [monepantel and monepantel sulfone] may directly interfere with viral protein production, independent of effects on the survival of transformed cells,” Dr Mollard said.

“Pharmaust will follow up on these results to determine precisely how [human T-cell leukaemia virus-1] protein production is inhibited and the clinical relevance of these data,” Dr Mollard said.

A2 MILK

A2 Milk says that Sandra Yu will replace Bessie Lee as an independent non-executive director on the board, effective from March 1, 2022.

A2 Milk said that Ms Yu was a company director and executive in the consumer goods industries, as well as in the infant milk formula market in China.

The company said Ms Yu had worked as a head of Mead Johnson Nutrition’s Greater China business and as a member of its global leadership team, as well as other senior executive roles at Mead Johnston Nutrition, including head of global marketing.

A2 Milk said Ms Yu previously was an executive at Unilever and was appointed as a non-executive chair to lead the RB China advisory board after the merger between Reckitt Benckiser and Mead Johnson Nutrition in 2017.

TERRAGEN HOLDINGS

Terragen says that Dr Paul Schober will retire as a non-executive director “at the end of February 2022”.

Terragen said Dr Schober was appointed in June 2017 and was the chair when the company first listed on the ASX in December 2019.