

# Ag & Vet Weekly



Tuesday April 26 – Friday April 29, 2022

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

- \* **ASX200, AVW-42 UP: CRESO UP 11%; ROOTS DOWN 9%**
- \* **FEDERAL \$593k FOR SUGAR INDUSTRY**
- \* **FDA GRANTS BOTANIX BTX1801 QIDP FOR GOLDEN STAPH**
- \* **NUFARM UKRAINE, RUSSIA EXPORTS 'NOT MATERIAL'**
- \* **AUSCANN LENDS EUROCANN \$5m, PARTNER FOR 'MUTUAL INTERESTS'**
- \* **TASFOODS 8.7m DIRECTOR SHARE RIGHTS AGM**
- \* **TATTARANG, 'TWIGGY' FORREST TAKE 10% OF BEGA**
- \* **JAMBER REDUCES TO 7.45% OF ROOTS**
- \* **MGC APPOINTS ANGELA-MARIE GRAHAM UK CFO**
- \* **MEMPHASYS: ROBERT COOKE CHAIR, ALISON COUTTS, SHANE HARTWIG**

## MARKET REPORT

The Australian stock market was up 1.06 percent on Friday April 29, 2022, with the ASX200 up 78.1 points to 7,435.0 points.

Twenty of the AVW-42 stocks were up, 10 fell, 11 traded unchanged and one was untraded.

Creso was the best, up 0.6 cents or 10.9 percent to 6.1 cents, with 8.1 million shares traded, followed by Food Revolution up 10.7 percent to 3.1 cents, with 7.6 million shares traded. MGC climbed 9.1 percent; both Auscann and Wide Open improved 7.8 percent; Althea, Bubs, Cann Group, Nanollose and Ridley were up more than three percent; A2 and Wellnex rose more than two percent; Apiam, Bega, Costa, Elders, Next Science, Select Harvests and Tasfoods were up more than one percent; with Tassal up 0.3 percent.

Roots led the falls, down 0.05 cents or 9.1 percent to 0.5 cents, with 770,764 shares traded. Elixinol fell 7.55 percent; Cann Global lost 6.7 percent; Epsilon was down 5.3 percent; Botanix, Clean Seas and Terragen shed more than two percent; Nufarm was down 1.7 percent; with Australian Agricultural and Cobram down by less than one percent.

## FEDERAL GOVERNMENT

The Federal Government says it will grant \$592,900 to Canegrowers and the Australian Sugar Millers Council to improve access to existing markets.

A media release from the Federal Minister for Agriculture David Littleproud said the grant, through the Agricultural Trade and Market Access Cooperation Grant would support research and analysis for international and bilateral trade negotiations and improved access to key existing markets.

Mr Littleproud said the grant would help the sugar industry effect its five-year strategy to increase market access and reduce trade barriers.

"This project will build on past successes in improving trade outcomes, like successful challenges in the [World Trade Organisation] and the signing of free trade deals," Mr Littleproud said.

"With potential gains in the order of \$1.2 billion from the freer flow of raw sugar between 2022 and 2040, tapping into this will require the best information and analysis to inform the best approaches to improve our access to high-value markets," Mr Littleproud said.

"The project will help maintain our international reputation in key high value markets such as Japan and enable exporters to earn higher premiums from importers seeking high quality cane sugar," Mr Littleproud said.

Canegrowers chief executive officer Dan Galligan said the strategy aimed to diversify raw sugar exports into non-traditional markets, improve hi-pol sugar testing at Japanese ports and align Australia's verified sustainability credentials with international frameworks.

"We want to secure the sugar industry's long-term viability which will increase the vibrancy of the regional communities it supports and contribute to Australian agriculture's ambition of growing to be a \$100 billion industry by 2030," Mr Galligan said.

## BOTANIX PHARMACEUTICALS

Botanix says the US Food and Drug Administration has granted BTX1801 qualified infectious disease product (QIDP) status for *Staphylococcus aureus*, or golden staph.

Botanix said the QIDP designation applied to the use of its synthetic cannabidiol BTX1801 antibacterial to potentially "reduce the risk of [*Staphylococcus*] *aureus* bloodstream infections in colonized patients dependent on central venous catheters for haemodialysis". The company said the QIDP status entitled BTX1801 to receive an additional five years of FDA regulatory exclusivity above that from approval of a new drug application, and provided eligibility for fast-track status and priority review.

Botanix said BTX1801 was previously granted qualified infectious disease product status for the prevention of post-surgical infections.

The company said the new designation was the first granted for a nasal decolonization agent for haemodialysis patients.

Botanix said it had completed pre-clinical and animal studies to support its planned phase II study, which was on-track to begin in Australia by July 2022.

Botanix executive chair Vince Ippolito said Botanix was "very excited to receive QIDP status from the FDA".

"This designation is supported by our phase II clinical study results and a recent health outcomes study that highlighted the impact of bloodstream infections in haemodialysis patients that use central venous catheters for access," Mr Ippolito said.

"These life-threatening infections in this vulnerable population are estimated to cost the US health system more than \$360 million annually," he said.

Botanix fell 0.2 cents or 2.4 percent to 8.1 cents with 1.2 million shares traded.

## NUFARM

Nufarm says it is “taking a prudent approach to assessing the recoverability of its inventory and receivables and associated assets held in both Ukraine and Russia”.

Nufarm said that the contribution to underlying earnings before interest, taxes, depreciation and amortization (EBITDA) from both countries combined was “not material” for the financial period to September 30, 2021.

The company did not specify whether it was continuing or ending operations in either or both countries.

Nufarm managing-director Greg Hunt said the company had “nascent operations in both Ukraine and Russia and our first priority has been to ensure our people in both countries are safe and supported”.

“Secondary to the safety of our people, we are focused on ensuring the security of supply for our customers and continue to monitor developments closely and prepare accordingly,” Mr Hunt said.

“Food security is a fundamental human right and Nufarm plays a part in ensuring growers can access the products they need to support global and local food supply,” Mr Hunt said. The company said that the total maximum exposure in terms of inventory and receivables held in both countries was less than two percent of total inventory and receivables.

Nufarm said that it expected to raise a provision in the range of \$30 million to \$40 million, pre-tax due to the current uncertain situation in the region, which it said “would not impact underlying Ebitda”.

The company said that it expected to report an underlying Ebitda of between \$320 million to \$340 million for the six months to March 31, 2022.

Nufarm fell 11 cents or 1.7 percent to \$6.45 with 2.3 million shares traded.

## AUSCANN

Auscann says it will lend \$5 million to related party European Cannabis Corporation to fund further capital to pursue the companies’ mutual interests in Europe and Australia.

Auscann said the \$5 million drawdown facility would have an interest rate on drawn funds of 7.5 percent and a default rate of 9.5 percent, with a repayment of \$1 million due on both the first and second anniversary of the date of drawdown.

The company said its chair Tod McGrouther was a director of European Cannabis Corporation, known as Eurocann, and director Chris Mews was an officer of the investment manager of Eurocann’s major shareholder.

Auscann said the drawdown facility would allow for the construction of additional greenhouses, expansion of manufacturing capabilities, and exclusivity for the commercialisation of marijuana products for the Australian and New Zealand markets.

The company said that in tandem with the loan, the two companies would pursue mutual interests in Europe, and Australia and New Zealand.

Auscann said Eurocann was the 100 percent owner of the Dortmund, Germany-based Hapa Pharm GmbH, which held EU good manufacturing practice certification for the cultivation, extraction and manufacture of medical marijuana products.

The company said that Eurocann’s Hapa would exclusively manufacture and supply products to Auscann, for commercialization in Australia and New Zealand, ahead of recently announced changes to the Therapeutic Goods Order 93, which specifies minimum quality requirements for medical marijuana.

Auscann said the recent order presented an attractive opportunity for the companies to supply low-cost Europe-originated marijuana into Australia.

Auscann was up half a cent or 7.8 percent to 6.9 cents.

### TASFOODS

Tasfoods says its annual general meeting will vote to issue 8,683,984 'share appreciation rights' to its chair and three directors in exchange for future cash fees.

Tasfoods said that shareholders would vote to issue chair Craig Treasure 2,365,801 rights valued at 4.62 cents a share, exercisable at zero cost by December 31, 2026, and vesting in one tranche at time of grant.

The company said the meeting would vote to issue directors John Murphy, John O'Hara and Ben Swain 2,106,061 shares each, exercisable and vesting under the same conditions.

Tasfoods said that no amount would be payable as the share rights were "the subject of a fee sacrifice arrangement, whereby the participants have collectively agreed to forego \$216,400 in board fees in respect of 2021-'22".

The company said that the exercise price was the 20-day volume-weighted average price at the grant date, which did not have to be paid but was "accounted for by the exercised rights value calculation".

Tasfoods said share-holders would vote to approve the remuneration report, the election of Mr Murphy and Mr O'Hara, a limited rights plan, amendments to constitution, the renewal of proportional takeover provisions, ratification of placement shares to CVC and the Elsie Cameron Foundation, and additional capacity to issue shares.

The meeting will be held at Hotel Grand Chancellor Launceston, 29 Cameron St, Launceston, Tasmania on May 30, 2022, at 11am (AEST).

Tasfoods was up 0.1 cents or 1.4 percent to 7.2 cents.

### BEGA CHEESE

Tattarang and Dr Andrew 'Twiggy' Forrest say they have increased their substantial holding in Bega from 27,273,874 shares (9.00%) to 30,328,343 shares (10.00%).

The Perth-based Tattarang Agrifood Investments and Dr Forrest said that on March 25 and April 22, 2022, they bought 3,054,469 shares for \$15,217,204, or \$4.98 a share.

Bega was up seven cents or 1.4 percent to \$5.05 with 483,348 shares traded.

### ROOTS SUSTAINABLE AGRICULTURAL TECHNOLOGIES

Jamber investments says it has reduced its substantial holding in Roots from 64,115,022 shares (8.55%) to 55,878,868 shares (7.45%).

The Sydney based Jamber said that on April 21 and 22, 2022, it sold 8,263,154 shares for \$48,694, or 0.59 cents a share.

Roots fell 0.05 cents or 9.1 percent to 0.5 cents.

### MGC PHARMA

MGC says it has appointed Angela-Marie Graham as its London-based chief financial officer.

MGC said that Ms Graham previously worked at an unnamed UK consultancy for start-ups and small- and medium-sized enterprises, and spent seven years as finance director of an unnamed UK fund-raising organization.

The company said that Ms Graham held a Bachelor of Business Studies from the London Metropolitan University.

MGC was up 0.2 cents or 9.1 percent to 2.4 cents with 5.3 million shares traded.

## MEMPHASYS

Memphasys says Robert Cooke has been appointed non-executive chair, replace Alison Coutts, continues as managing-director and chief executive officer.

Memphasys said Shane Hartwig had resigned as a director, effective from April 25, 2022 to “focus on other business interests”.

The company said that Mr Cooke had more than 40 years of experience in the health industry, and was currently Optiscan’s chair, and most recently was managing director of Melbourne’s Healthscope.

Memphasys managing-director Alison Coutts said that “securing someone with the experience, capabilities and proven track record in the healthcare sector as Mr Cooke is a significant gain for Memphasys and our shareholders”.

“His appointment comes at a pivotal time as we accelerate the commercialization path of our Felix device while further developing our world-class product portfolio addressing major human and animal reproduction issues,” Ms Coutts said.

Memphasys was unchanged at six cents.