

Ag & Vet Weekly



Monday March 21 – Friday March 25, 2022

All the news on ASX-listed agriculture and veterinary companies

- * **ASX200, AVW-42 UP: CANN GLOBAL UP 33%; ROOTS DOWN 17%**
- * **MEMPHASYS: 'SAMSON 90% HORSE PREGNANCY PREDICTION RATE'**
- * **NEXT SCIENCE SHARE PLAN RAISES \$4.8m; TOTAL \$14.8m**
- * **FEDERAL ELECTION PROMISE: CLIMATE TAX BREAK FOR FARMERS**
- * **SYNLAIT INCREASES BASE MILK PRICE 4% TO \$8.93/kgMS**
- * **ROOTS: HEAT PROBE US PATENT; \$17k ISRAEL ORDER**
- * **BUBS LAUNCHES SUPREME INFANT FORMULA RANGE**
- * **CLOVER CLAIMS OMEGA3 IMPROVES PREMATURE BABY IQ**
- * **FOOD AGILITY JUNE WAGGA WAGGA DIGITAL AGRI-FOOD SUMMIT**
- * **CRESO: MARKET SHARE 'MILESTONE'; PLANT YIELD UP**
- * **VINVA BELOW 5% IN ELDERS**
- * **LAZARD BELOW 5% IN RIDLEY**
- * **VASILIOS VOTSARIS TAKES 7% OF FOOD REVOLUTION**

MARKET REPORT

The Australian stock market was up 0.26 percent on Friday March 25, 2022, with the ASX200 up 19.1 points to 7,406.2 points. Twenty-two of the AVW-42 stocks were up, 13 fell, six traded unchanged and one was untraded.

Cann Global was the best on no news, up 0.9 cents or 33.3 percent to 3.6 cents, with 5.3 million shares traded. Seafarms climbed 13.0 percent; Food Revolution improved 9.1 percent; Wellnex was up 8.3 percent; Murray Cod rose 6.4 percent; Elixinol and Tasfoods were up more than five percent; Cann Group and Nanollose climbed more than four percent; Ecofibre and Select Harvests were up more than three percent; Epsilon, Memphasys, Tassal and Wide Open rose more than two percent; Auscann, Australian Agricultural, Clean Seas, Costa, Creso and Ridley were up one percent or more; with Nufarm up by 0.65 percent.

Roots led the falls, down 0.1 cents or 16.7 percent to 0.5 cents with one million shares traded. Terragen lost 14.3 percent; Rare Foods (Ocean Grown Abalone) retreated 7.7 percent; Althea fell five percent; Sustainable Nutrition lost 4.2 percent; Botanix, Cobram, Fonterra and Next Science shed more than two percent; Bega was down 1.2 percent; with A2, Clover and Synlait down by less than one percent.

MEMPHASYS

Memphasys says that its Samson stallion fertility diagnostic device is up to 90 percent accurate in predicting pregnancy of an inseminated mare within an hour.

Last year, Memphasys said that it had data on 240 mare inseminations for its Samson stallion sperm quality test, with results expected by April 2022 (AVW: Dec 3, 2021).

Today, the company said that it had undertaken field trials on Samson's ability to predict the change of a pregnancy within an hour of a stallion-mare coupling, whether naturally or by artificial insemination (AI).

Memphasys said that thoroughbreds can only be legally bred using natural mating not using artificial insemination, whereas other horses such as standardbreds could use artificial insemination.

The company said that pregnancy in a mare could not be ascertained until 14 days after coupling, by which time the mare might have missed her chance of pregnancy.

Memphasys said that the use of the Samson diagnostic "could dramatically increase the overall mare pregnancy rates within the season".

The company said that the study was run by the New South Wales' University of Newcastle reproductive science department, led by Prof John Aitken, and field trialled at a thoroughbred and a standardbred stud farm, both in New South Wales, during the September-to-November 2021 Australian horse breeding season.

Memphasys said that the trial showed the ability of Samson to provide accurate on-site pregnancy predictions, provided that a reasonable quality sample of the stallion ejaculate was collected.

Memphasys said that for thoroughbred stallions, the analysis generated a "predictive accuracy of 75 percent when all stallions' data was combined" but that pregnancy prediction accuracy was "improved to 80-90 percent for thoroughbred stallions when the Samson algorithm was optimized for each stallion, by determining which variables are best used for each stallion to improve pregnancy prediction accuracy".

The company said that the Samson diagnostic had a large addressable market, with major breeding activities in the US, Australia, Japan, Ireland, New Zealand and other countries.

Memphasys said that along with the need for improvements in fertility assessments to bolster mare pregnancy, service fees for successful fertilization were as high as \$200,000 per fertilization.

The company said that no regulatory approvals were required before the Samson device could be sold commercially.

Memphasys said it planned to test a modified version for bulls to determine whether a similar capability could be developed for beef and dairy cattle.

Memphasys was up 0.2 cents or 2.6 percent to eight cents.

NEXT SCIENCE

Next Science says it has raised \$4.8 million in a share purchase plan at 90 cents a share, taking the total raised to \$14.8 million.

In February, the company said it had raised \$10 million in a placement at 90 cents a share and hoped to raise a further \$5 million in a share plan (AVW: Feb 25, 2022).

Today, Next Science managing-director Judith Mitchell said that the funds would "provide important working capital needed to fund investment in clinical studies to provide further evidence of the efficacy of Xperience and to accelerate the growth profile of the business and invest in sales and marketing".

Next Science fell 2.5 cents or 2.8 percent to 86.5 cents.

FEDERAL GOVERNMENT

The Federal Government says it will provide a tax break for farmers selling Australian Carbon Credit Units (ACCUs) and biodiversity certificates.

In a media release from the Federal Minister for Agriculture David Littleproud, the Minister for Industry, Energy and Emissions Reduction Angus Taylor and Assistant Treasurer Michael Sukkar said the tax concession would “encourage carbon abatement activities and help Australia deliver on its net zero emissions target by 2050”.

The media release, the week before the Federal Budget and a widely-expected Federal election said the taxation changes would “provide farmers with an estimated \$100 million benefit through the tax system over the forward estimates” or four years.

The Federal Government said that under the proposed tax regime, farmers would treat revenue from the sale of Carbon Credits as primary production income, providing access to income tax averaging arrangements and the Farm Management Deposit scheme.

The Government said that the treatment of biodiversity certificates would be aligned with the tax regime for Carbon Credits.

Mr Littleproud said the announcement would “further encourage carbon abatement and biodiversity activities, while providing primary producers with a diversified source of on-farm income”.

“This is removing barriers for farmers who want to do the right thing by their farm and the changes are expected to deliver \$100 million to their bottom line over the next four years,” Mr Littleproud said.

SYNLAIT MILK

Synlait says it has increased its forecast base milk price for the 2021-'22 season 3.8 percent from \$NZ9.25 (\$A8.60) to \$NZ9.60 (\$A8.93) per kilogram of milk solids.

The company said the update was outside its usual price update cycle of January, May and September because of significant across-the-board increases in global commodity prices.

Synlait chief executive officer Grant Watson said it was important that Synlait “responds in a timely fashion to large movements in commodity prices to ensure we deliver a competitive farmgate milk price and associated cashflow to our farmers”.

Synlait fell one cent or 0.3 percent to \$3.08.

ROOTS SUSTAINABLE AGRICULTURAL TECHNOLOGIES

Roots says the US Patent and Trademarks Office has granted a patent for the design of its root zone temperature optimization system heat exchange probe.

Roots said that the patent, titled ‘Device for temperature control in root zone’ would protect the design until November 23, 2036.

The company said the patent would add to the growing list of successful applications around the world including in Australia, China, the European Union, Turkey, Israel, the United Kingdom, and India.

Roots said it had a \$17,132 purchase order from the Bet-Dagan, Israel-based Agriculture Research Organisation’s Volcani Institute for three ‘super mini’ root zone temperature optimization (RZTO) systems for a study on the effects of varying root zone temperatures on pathogens.

Roots fell 0.1 cents or 16.7 percent to 0.5 cents with one million shares traded.

BUBS AUSTRALIA

Bubs says it has launched its Supreme infant formula and toddler milk with natural A2 protein, providing access to “all key premium segments of the infant formula market”.

Bubs said its Supreme formula range would be sold in 500 Coles supermarkets from May 2022 which would broaden its “brand appeal to a new domestic market segment”.

The company said that Bubs Supreme would allow it access to the global A2 beta-casein protein milk market, “valued at \$US1.23 billion” (\$A1.66 billion).

Bubs said that in China, the A2 segment was growing at 11.1 percent year-on-year.

Bubs chief executive officer Kirsty Carr said that “with the launch of Bubs Supreme A2 beta-casein protein range in our most profitable business segment, we are now able to cater to a more significant share of the addressable infant formula and toddler milk market”.

“We listened to Australian families and collaborated with Willis Trading ... to better understand the needs of Chinese millennial mothers,” Ms Carr said.

Bubs said Willis Trading’s first order for the Supreme products was valued at \$32.9 million, which would be produced and distributed over the next six months.

In March, Bubs said that Hong Kong’s Willis Trading was its “lead distribution partner for the corporate diagou channel” (AVW: Mar 4, 2022).

Bubs was unchanged at 44 cents with 1.55 million shares traded.

CLOVER CORP

Clover says a trial of omega3 supplements in 656 premature babies “achieved a statistically significant 3.5-point [intelligence quotient] score improvement”.

Clover said the randomized, double-blinded controlled trial, conducted by Adelaide’s South Australian Health and Medical Research Institute, assessed the potential benefits of its high docosahexaenoic acid (DHA) emulsion for supporting normal cognitive development of premature infants.

The company said the trial achieved a “statistically significant 3.5-point IQ score improvement in the high DHA emulsion treatment group ... when compared with the group that received the placebo emulsion”.

Clover did not provide the study data to make the “statistical significance” claim, but said the final results would be available “when the full report is compiled, where further analysis of these results will determine next steps for the program”.

The company said that its emulsion, high in the omega3 fatty acid DHA, was administered as a supplement to the children’s nutrition along with standard treatments, with “a variety of parameters indicating the health and development of the treated infants” measured.

The company said the trial followed “positive outcomes” from a 2012 phase III trial of ‘DHA for the improvement of neuro-developmental outcome’ (Dino) in which pre-term infants, whose diet was supplemented with higher DHA, showed “improved cognitive development in girls at 18 months, reduced oxygen requirement at 36 weeks in boys and reduced incidence of hay fever later in their development”.

Clover managing-director Peter Davey said the company was “encouraged in this early report of the top-line results from the study”.

“We remain committed to better understanding the full data set as we consider potential paths forward for the DHA emulsion product,” Mr Davey said.

“With strong clinical results from the previous Dino study and high tolerability of the DHA formulation we will continue to seek a viable path forward for the development of DHA emulsions in this and wider clinical applications,” Mr Davey said.

Clover fell half a cent or 0.4 percent to \$1.37.

FOOD AGILITY COOPERATIVE RESEARCH CENTRE

The Food Agility Cooperative Research Centre (CRC) says that with Charles Sturt University it will co-host the 'Digital Agri-food Summit 2022 in Wagga Wagga in June. Food Agility said that tickets were on sale for the Summit to be held on June 1 and 2, 2022 which will discuss robotics, carbon farming and the circular food economy.

The CRC said that the event would be live and live-streamed and was aimed at agricultural food companies, farmers, technologists and scientists.

Food Agility said the keynote speakers included Bega Cheese chair Barry Irvin and Food Agility chief scientist Prof David Lamb.

The CRC said the June 1 Gulbali gala dinner would be hosted by journalist and television presenter Stan Grant and would feature "an array of regionally sourced produce".

Food Agility said the summit would be "a hands-on, practical look at the future of farming" with attendees invited to tour the 'global digital farm', engage with panel discussions, visit exhibitions and watch showcases of the latest emerging research.

Food Agility chief executive officer Richard Norton said the event aimed "to get discussions about the future of food out of the capital cities and into the regions where food is produced".

"The transformation of agriculture isn't happening in Sydney or Melbourne," Mr Norton said.

"It's in the regions like the Riverina where farmers, scientists and technologists are working hand-in-hand," Mr Norton said.

"We invite people to come and have a look at how new technologies are being developed and implemented and hear from the people who are making it happen," Mr Norton said.

Charles Sturt vice-chancellor Prof Renee Leon said the University was "leading the way when it came to education and research in digital agriculture in Australia".

"We have a commercial farm operating right here adjacent to the Wagga Wagga campus and are home to the Global Digital Farm and the Agri-Park," Prof Leon said.

"Wagga Wagga is becoming the epicentre for digital agriculture in Australia and we look forward to welcoming people from the local area as well as across the country to this exciting event," Prof Leon said.

For more information and to buy tickets, go to: www.digitalagrifoodsummit.com.au.

CRESO PHARMA

Creso says that Canada subsidiary Mernova Medicinal reached a "major milestone, achieving a market share of [more than] five percent" in Nova Scotia.

Creso said that Mernova had progressed "several initiatives to further improve its growing process to increase plant yield and quality" including investments in higher quality nutrition products, irrigation system upgrades and lighting.

Creso was up 0.1 cents or 1.8 percent to 5.7 cents with 4.75 million shares traded.

ELDERS

Vinva Investment Management says it has ceased its substantial holdings in Elders after selling 25,089 shares for \$332,181 or \$13.24 a share.

In March, the Sydney-based Vinva said that it became substantial in Elders with 7,839,523 shares or 5.01 percent (AVW: Mar 11, 2022).

Ag & Vet Weekly calculates that Vinva retains 7,814,434 shares or 4.99 percent of Elders. Elders was unchanged at \$13.43 with 315,529 shares traded.

RIDLEY CORP

Lazard Asset Management Group says it has ceased to be a substantial holder in Ridley Corp, selling 266,943 shares.

The Sydney-based Lazard said that between March 8 and 23, 2022 it bought and sold shares, with the largest single sale 224,410 shares for \$353,788, or \$1.58 a share.

Ridley was up three cents or 1.8 percent to \$1.69.

FOOD REVOLUTION

Vasilios Votsaris says he has increased his substantial holding in the Food Revolution Group from 58,865,689 shares (6.22%) to 67,384,184 shares (7.12%).

The Geelong based Mr Votsaris said that between January 31, and March 21, 2022, acquired 8,518,495 shares through Batman Investments Pty Ltd as trustee for The Batman Investments Trust, citing numerous amounts ranging from \$208.47 to \$18,400 and totaling \$178,778, or 21.0 cents a share.

Food Revolution was up 0.2 cents or 9.1 percent to 2.4 cents with four million shares traded.