

Ag & Vet Weekly



Monday May 2 – Friday May 6, 2022

All the news on ASX-listed agriculture and veterinary companies

- * **ASX200, AVW-42 DOWN: AVECHO UP 16%; TERRAGEN DOWN 20%**
- * **RLF WINS \$1.2m CHINA SALES**
- * **NANOLLOSE, VON HOLZHAUSEN WORK ON 'VEGAN LEATHER'**
- * **SELECT HARVESTS: BAD WEATHER SLOWS ALMOND HARVEST**
- * **COBRAM STARTS AUSTRALIAN OLIVE HARVEST**
- * **EPSILON \$2.1m PLACEMENT FACILITY FOR SOUTHPORT OPERATIONS**
- * **BOTANIX TO PAY BRICKELL \$24m FOR SOFPIRONIUM BROMIDE**
- * **AVECHO RECEIVES \$1m FEDERAL R&D TAX INCENTIVE**
- * **CLEAN SEAS UNMARKETABLE PARCEL FACILITY**
- * **ALLAN GRAY REDUCES TO 9.8% OF NUFARM**
- * **SEAFARMS: IAN TRAHAR REPLACES CHAIR MICK MCMAHON**
- * **ANATARA TO LOSE CEO STEVEN LYDEAMORE**
- * **SIMON BARRILE REPLACES TASSAL CO SEC MONIKA MAEDLER**
- * **AGRIFUTURES \$35k RURAL WOMEN'S AWARDS**

MARKET REPORT

The Australian stock market fell 2.16 percent on Friday May 6, 2022, with the ASX200 down 159.1 points to 7,205.6 points. Five of the AVW-42 stocks were up, 30 fell and five traded unchanged.

Avecho was the best, up 0.3 cents or 15.8 percent to 2.2 cents, with 9.6 million shares traded. Food Revolution climbed 3.6 percent; Synlait rose 2.7 percent; Apiam, Cobram and Ecofibre were up more than one percent; with Costa up 0.3 percent.

Terragen led the falls, down 4.5 cents or 20 percent to 18 cents, with 153,685 shares traded. Seafarms lost 12.5 percent; Epsilon was down 11.4 percent; Althea shed 10 percent; Nanollose and RLF were down seven percent or more; Memphasys and Murray Cod lost more than six percent; Anatara, Auscann, Fonterra and Wide Open fell more than four percent; Clean Seas and Rare Foods were down more than three percent; Botanix, Bubs, Cann Group, Nufarm, Pharmaust and Wellnex shed two percent or more; A2, Bega, Next Science, Ridley, Select Harvests, Tasfoods and Tassal were down more than one percent; with Australian Agricultural, Clover and Elders down by less than one percent.

RLF (RURAL LIQUID FERTILISERS) AGTECH

RLF says it has sales contracts with Sichuan Davofeng and Hainan Kangxifeng worth \$1.2 million for its plant nutrition products, starting on July 1, 2022.

RLF said that it had a \$600,000 12-month contract with the Sichuan, China-based Sichuan Davofeng, a 100 percent increase from the prior year.

The company said that it had a \$600,000 12-month contract with the Hainan, China-based Hainan Kanxifeng, a 60 percent increase from the prior year.

In April, the Perth-based RLF said it hoped to raise \$8.5 million at 20 cents a share to list on the ASX to further commercialize its plant nutrition products and that following the initial public offering, it would have an indicative market capitalization of \$37 million (AVW: Apr 22, 2022).

Today, RLF said the contracts reflected an 80 percent increase from last year's purchases.

The company said that its products were being used in grains, including wheat and rice, as well as tropical fruits.

RLF said that the contract commitments by long-standing customers showed "an increasing demand for RLF plant nutrition products within their business".

"These contracts represent a wider use of more types of RLF products within their respective organizations," the company said.

RLF managing-director Ken Hancock said that "the company is particularly pleased that its long-standing customers are committing to substantial increases in product orders year-on-year and further increasing the availability of RLF plant nutrition products ahead of our high growth season in China".

RLF fell 1.5 cents or 7.9 percent to 17.5 cents.

NANOLLOSE

Nanollose says it has an agreement with the Los Angeles, California-based von Holzhausen to develop 'vegan leather' from its microbial cellulose.

Nanollose said it would provide von Holzhausen with samples of treated and processed microbial cellulose for testing as potential alternatives to leather or other material, either in their initial state or after further processing by von Holzhausen.

The company did not disclose the commercial terms of the agreement but said that it would last for one year or until the completion of the development period.

Nanollose said that after the agreement period, it would work with von Holzhausen on a supply agreement or other relevant commercial agreements to jointly commercialize the project materials.

Nanollose said that the vegan leather market was expected to be valued at \$US89.6 billion (\$A126.1 billion) by 2025.

The company said that the vegan leather project was "independent of [its] collaboration with Birla Cellulose as, unlike its Nullarbor technology, it does not require the production of fibre".

Nanollose executive chair Dr Wayne Best said that "microbial cellulose is not only vegan, but also natural and bio-degradable, making it an ideal component for sustainable vegan materials".

"Nanollose's expertise in microbial cellulose combined with von Holzhausen's expertise and track record in developing and commercialising vegan leathers makes this an exciting opportunity," Dr Best said.

Nanollose fell 0.7 cents or seven percent to 9.3 cents.

SELECT HARVESTS

Select Harvests says that inclement weather has delayed the 2022 almond harvest, with “some quality impacts” affecting the forecast 30,000 million tonnes.

Select Harvests said that it expected to complete the harvest be within the next six weeks.

Select Harvests managing-director Paul Thompson said the company retained its average pricing estimate within the range of \$6.50/kg and \$6.80/kg.

Mr Thompson said about 85 percent of the crop had been harvested, including all the non-pareil variety, 65 percent of pollinator varieties, and about 70 percent of the crop had been delivered to the Carina West processing facility with 38 percent processed.

Select Harvests said demand for higher quality, larger sizes and in-shell product was a positive for prices, while pricing for lower grade material was at historic low levels.

The company said shipping delays impacted US shipments due to labor shortages and alternate uses for containers, which was “a drag on market pricing as levels of physical stocks, particularly lower grades, held in the US remain high”.

Select Harvests said that shipping product from Australia was also subject to delays, but taking product to key markets was “less problematic from Australian ports”.

The company said that freight costs were significantly higher than historic rates and almond pricing was expected to improve once freight and logistics issues were resolved.

Select Harvests said the US industry had “extremely dry conditions” and the impact of a severe Californian frost during the 2022 pollination process was being determined, with expectations of a lower crop this year.

The company said it had orders for 40 percent of its forecast crop, at above average price levels, and in-shell shipments had begun to India and China.

Select Harvests said the transition of the Thomastown-based industrial almond business to Carina West was progressing as planned, with Thomastown production to finish in mid-May 2022 and Select to leave the site by the end of June 2022.

Select Harvests fell 10 cents or 1.6 percent to \$6.15 with 287,904 shares traded.

COBRAM ESTATE OLIVES

Cobram says it has begun its Australian olive harvest at its Boundary Bend and Boort groves in Victoria, and expects yields in line with, or better than, forecasts.

Cobram said that while cost pressures were high in some areas, they had been partially offset by lower-than-average water prices.

The company said that it had strong sales in both Australia and the US, but that its US sales had been limited by supply.

Cobram said that it expected its 2022 oil sales to be lower than the previous year, but it expected better supply in the future due to grove maturation.

Cobram was up two cents or 1.2 percent to \$1.75.

EPSILON HEALTHCARE

Epsilon says it has secured a capital raising of up to \$2.1 million in two tranches, for the “continued ramp up of operations at Southport facility.

Epsilon said the first tranche was a \$600,000 placement on May 4, 2022 at 3.4 cents a share reflecting a 9.2 percent discount to the five-day volume-weighted average price and a 5.5 percent discount to the last traded price.

The company said the second tranche, to be completed within 45 days of the first tranche, was expected to be on “similar terms”, subject to capacity or shareholder approval.

Epsilon fell 0.4 cents or 11.4 percent to 3.1 cents.

BOTANIX PHARMACEUTICALS

Botanix says it will pay Brickell Biotech up to \$US17 million (\$A24 million), plus royalties for sofipironium bromide gel for excessive underarm sweating.

Botanix said that in recent phase III pivotal studies and a 48-week safety study, sofipironium bromide achieved statistical significance in all primary and secondary endpoints and was found to have a favorable safety profile.

Previously the company has been developing marijuana-derived synthetic for a range of dermatological diseases and infections, including a trial of BTX1204A for canine atopic dermatitis or eczema (AVW: Oct 1, 2021).

Botanix said that a 66-patient, phase IIa trial which showed that BTX1801 could eradicate *Staphylococcus aureus* bacteria from the nose of healthy participants.

The company trialled synthetic cannabinoid treatments for atopic dermatitis and acne which failed to meet their endpoints.

Today, Botanix said it would pay the Miami-based Brickell \$US3 million upfront, and \$US2 million upon receipt of a positive 'Day-74 letter' in response to a new drug application to the US Food and Drug Administration.

The company said that it would pay Brickell \$US4 million if it received FDA approval for the new drug application before September 30, 2023, reducing to zero if it was not approved by February 17, 2024.

Botanix said it would pay Brickell a further milestone payment of \$US4 million on receipt of marketing or expanded indication regulatory approval in the European Union (EU) or UK and a further \$US4 million for a further indication in the UK, EU or US.

The company said that it would pay a one-off sales milestone payment should sales of sofipironium bromide gel 15% exceed \$US75 million and "pay royalties to Brickell and Bodor that in the aggregate start at 12 percent and rise to 20 percent, above \$500 million of annual net sales."

Botanix said told Ag & Vet Weekly that the royalties began at first sales, but did not confirm whether the dollar value threshold was in American or Australian dollars.

Ag & Vet Weekly had not received a response at the time of publication.

The company said it would assume responsibility for the future development of sofipironium bromide.

Botanix said the gel was already licensed to the Tokyo-based Kaken Pharmaceuticals, which had regulatory approval of sofipironium bromide 5% for the treatment of excessive underarm sweating in Japan.

The company said that it was entitled to retain 25 percent of the royalties and milestone payments that Botanix receives from Kaken.

Botanix executive chair Vince Ippolito said the acquisition was "the first and only new chemical entity developed for primary axillary hyperhidrosis".

"Having demonstrated statistically significant efficacy and favorable safety in pivotal studies, we are well advanced in preparing sofipironium bromide for FDA approval in the second half of this year and look forward to accelerating Botanix into a commercial dermatology company much sooner than we originally expected," Mr Ippolito said.

Botanix fell 0.2 cents or 2.4 percent to 8.1 cents.

AVECHO BIOTECHNOLOGY

Avecho says it has received \$1,007,990 from the Australian Tax Office under the Federal Government Research and Development Tax Incentive program.

The company said that the incentive payment was for the year to June 30, 2021.

Avecho was up 0.3 cents or 15.8 percent to 2.2 cents with 9.6 million shares traded.

CLEAN SEAS SEAFOOD

Clean Seas says it has established a facility for share-holders of unmarketable parcels of shares worth less than \$500.

Clean Seas said the facility for holders of 833 shares or fewer was based on 60 cents a share at the record date of May 2, 2022 and it would allow shareholders to sell shares without brokerage or handling costs, allowing the company to reduce administrative costs. Clean Seas said that the closing date for the facility would be at 5pm on June 15, 2022. The company did not disclose how many investors held unmarketable parcels or the total number of shares held.

Clean Seas fell two cents or 3.3 percent to 58.5 cents.

NUFARM

Allan Gray Australia says it has reduced its substantial holding in Nufarm from 41,179,475 shares (10.84%) to 37,232,163 shares (9.80%).

The Sydney-based Allan Gray said that between January 22 and May 2, 2022 it bought 4,090,502 shares for \$21,579,755 or \$5.275 a share and sold 8,037,814 shares for \$49,030,309 or \$6.10 a share.

Nufarm fell 16 cents or 2.4 percent to \$6.54 with 794,933 shares traded.

SEAFARMS GROUP

Seafarms says former chair Ian Trahar will replace executive chair Michael McMahon as non-executive chair, effective from today.

Seafarms said an announcement regarding a new chief executive officer would be made "in due course".

In April, the company said that Mr Trahar and Avatar Industries Pty Ltd requested a meeting to remove executive chair Mr McMahon as a director (AVW: Apr 22, 2022).

At that time, Seafarms said that it was required to call a meeting within 21 days and hold a general meeting within two months of the request.

Today, Seafarms said that the extraordinary general meeting was no longer required.

Seafarms fell 0.2 cents or 12.5 percent to 1.4 cents with 12.9 million shares traded.

ANATARA LIFESCIENCES

Anatara says chief executive officer Steven Lydeamore will resign, effective from June 26, 2022, with chair Dr David Brookes to be the interim executive chair.

Anatara said Mr Lydeamore was leaving to pursue "other business interests".

Dr Brookes said the company had "several important inflection points looming" ... [and it was] prudent to delay the recruitment process".

Dr Brookes thanked Mr Lydeamore "for his leadership and significant contribution to the company over the last three and a half years".

"During this time Anatara has faced major headwinds with the return of global rights to Detach followed by the Covid-19 pandemic," Dr Brookes said. "With limited resources, the Anatara team developed new formulations for piglets and poultry, both of which have been successful in proof-of-concept challenge studies."

Dr Brookes said the company had changed focus to human health and completed development of the pineapple stem bromelain-based gastro-intestinal re-programming, or Garp technology, for irritable bowel syndrome.

Anatara fell 0.4 cents or four percent to 9.5 cents.

TASSAL GROUP

Tassal says it has appointed Simon Barrile as company secretary replacing Monika Maedler, effective from May 1, 2022.

Tassal fell seven cents or 1.9 percent to \$3.70 with 796,837 shares traded.

AGRIFUTURES AUSTRALIA

Agrifutures says that tickets are on sale for the \$35,000 Agrifutures Rural Women's Awards at the Great Hall in Parliament House, Canberra on September 6, 2022.

Agrifutures said that the event was returning after a two-year hiatus and Westpac Bank would provide \$20,000 to the national winner and \$15,000 for the runner up for the Rural Women's Award.

The industry organization said that Westpac had already awarded \$15,000 each to the state and territory winners.

Agrifutures managing-director John Harvey said that "this is Australia's leading award in acknowledging and supporting the essential role women play in rural and emerging business, industries and communities".

"The event is an important step in acknowledging the contribution of these remarkable and inspiring women," Mr Harvey said.

"The night is a celebration of their hard work and dedication, and we are looking forward to showcasing their achievements to the nation," Mr Harvey said.

Agrifutures said that in addition to the grants, the event provides an "important network for women to discuss the challenges and opportunities in Australian agriculture".

Tickets are available until August 23, 2022, from: <https://bit.ly/3LG728G>.