

Ag & Vet Weekly



Monday May 30 – Friday June 3, 2022

All the news on ASX-listed agriculture and veterinary companies

- * **ASX UP, AVW-42 DOWN: AVECHO UP 20%; ELIXINOL DOWN 9%**
- * **BUBS TO SUPPLY US 1.25m TINS OF BABY FORMULA**
- * **MURRAY WATT AGRICULTURE; ED HUSIC INDUSTRY, SCIENCE**
- * **APIAM INSTITUTIONAL OFFER RAISES \$11.9m; \$8.35m TO GO**
- * **WELLNEX NOTES RAISE \$6.2m OF HOPED-FOR \$7.5m**
- * **RLF \$1m PLANT NUTRITION DEAL WITH CHINA'S HEBEI VEYONG**
- * **SYNLAIT INCREASES BASE MILK PRICE 3% TO \$8.46/kgMS**
- * **ELDERS SELLS 30% STAKE IN STOCKCO FOR \$20-22m**
- * **CANN HARVESTS 1st MILDURA COMMERCIAL MARIJUANA CROP**
- * **CANN RECEIVES VICTORIA \$500k FOR REGIONAL JOBS**
- * **CRESO, OPTIMI PSILOCYBIN, MUSHROOMS DEAL**
- * **SUSTAINABLE NUTRITION EXTENDS 'LOST CUSTOMER' SUSPENSION**
- * **CITIGROUP BELOW 5% IN NUFARM**
- * **CVC TAKES 14.5% OF TASFOODS**
- * **TASFOODS LOSES CHAIR CRAIG TREASURE, WITHDRAWS RIGHTS VOTE**
- * **NUFARM LOSES SUMITOMO DIRECTOR TOSHKAZU TAKASAKI**
- * **ECOFIBRE LOSES DIRECTOR KRISTI WOOLRYCH**
- * **EPSILON APPOINTS MAJOR SHAREHOLDER PATRICK XU DIRECTOR**
- * **PHARMAUST: FIONA MILNER EPICHEM G-M, INGRID KLOPPER BDM**

MARKET REPORT

The Australian stock market was up 0.88 percent on Friday June 3, 2022, with the ASX200 up 62.9 points to 7,238.8 points. Ten of the AVW-42 stocks were up, 21 fell, eight traded unchanged and three were untraded.

Avecho was the best, up 0.3 cents or 20 percent to 1.8 cents, with 2.1 million shares traded. Cann Group climbed 6.45 percent; Epsilon was up 5.7 percent; with Australian Agricultural, Rare Foods and Tassal rose more than two percent; Wide Open was up 1.5 percent; with A2, Costa and Elders up by less than one percent.

Elixinol led the falls, down 0.4 cents or 9.3 percent to 3.9 cents, with 2.3 million shares traded. Althea fell 4.35 percent; Auscann, Clover and Creso lost more than three percent; Apiam, Clean Seas, Ecofibre and Murray Cod shed more than two percent; Anatara, Cobram, Fonterra, Nanollose, Next Science, Pharmaust, Ridley, Select Harvests, Synlait and Tasfoods were down more than one percent, with Bubs and Nufarm down by less than one percent.

BUBS AUSTRALIA

Bubs says the US Food and Drug Administration has exercised its discretion for Bubs to import six infant formula products into the US, effective immediately.

Bubs said it has committed to supply at least 1.25 million tins of formula to the US, with 500,000 tins ready for export and the remaining 750,000 scheduled for completion in the coming months, equating to at least 27.5 million feeding bottles of infant formula.

The company said the Food and Drug Administration (FDA) application was in response to the US Government's initiative to address domestic infant formula supply shortages, and its range of formulas met the US nutrient and safety requirements.

In a separate announcement, Bubs said that flights carrying the first shipments would leave Melbourne on June 9 and 11, 2022.

The company said that US President Biden launched Operation Fly Formula "to speed up the import of infant formula and get product on store shelves as soon as possible". Bubs said that under Operation Fly Formula, the US Department of Agriculture and the Department of Health and Human Services were authorized to use Department of Defense contracted commercial aircraft to deliver infant formula that met US health and safety standards.

Bubs chief executive officer Kristy Carr said that its manufacturing facility in Dandenong, Victoria was FDA registered and was "currently capable of producing 10 million tins of formula annually and can triple capacity to meet demand".

"Bubs is uniquely positioned with an existing nationwide sales and distribution footprint, enabling us to stock shelves with existing and prospective retail partners quickly," Ms Carr said.

"It was also the result of 18 months of preparation and investment in our US market expansion strategy, to meet the very stringent quality and safety nutrition requirements for FDA, having first launched a range of high-quality formulas in the US last year," Ms Carr said.

Bubs chair Dennis Lin said that "Bubs had identified US as a strategic key market two years ago, and our commitment to invest has thankfully coincided with American families' time of need".

Bubs fell half a cent or 0.8 percent to 61.5 cents with 11.1 million shares traded.

FEDERAL GOVERNMENT

The Prime Minister Anthony Albanese has appointed Murray Watt the Minister for Agriculture, Fisheries and Forestry and Ed Husic the Minister for Industry and Science. A Ministry list published by the office of Prime Minister and Cabinet said that Tim Ayers would be the Assistant Minister for Manufacturing.

The Ministry list said that Senator Don Farrell had been appointed the Minister for Trade and Tourism and he was the Deputy Leader of the Government in the Senate.

The list said that Pat Conroy had been appointed Minister for International Development and the Pacific, with Senator Tim Ayres the Assistant Minister for Trade and Tim Watts the Assistant Minister for Foreign Affairs, assisting the Minister for Foreign Affairs, Senator Penny Wong, the Leader of the Government in the Senate.

The Ministry list said that Chris Bowen was appointed the Minister for Climate Change and Energy, with Tanya Plibersek the Minister for the Environment and Water, with Senator Jenny McAlister the Assistant Minister for Climate Change and Energy.

The list said that Catherine King had been appointed the Minister for Infrastructure, Transport, Regional Development and Local Government.

The list did not include a Minister for Innovation.

APIAM ANIMAL HEALTH

Apium says its fully-under-written institutional entitlement offer at 70 cents a share has raised \$11.9 million with a further \$8.35 million to be raised in the retail rights offer.

Last week, Apium said it expected to raise \$20.25 million in a one-for-4.8 non-renounceable institutional and retail rights offer at 70 cents a share (AVW: May 27, 2022). Apium said the offer price was a 9.1 percent discount to the last traded price of 77 cents on May 25 and a 10.6 percent discount to the 5-day volume-weighted average trading price to May 25 of 78.3 cents.

The company said the raise was “well supported by a number of high quality existing and new institutional investors” it had a firm underwriting commitment from joint lead managers, Shaw & Partners and Morgans Corporate, with Apium managing-director Dr Chris Richards taking up an entitlement of about \$4.5 million.

Apium said that the net proceeds would support its accelerated acquisition strategy as well as debt repayment

Apium said that the record date for the retail rights offer was May 30, it would open on June 2 and close on June 17, 2022.

Ag & Vet Weekly editor David Langsam participated in the institutional offer.

Apium fell 1.5 cents or two percent to 72.5 cents.

WELLNEX LIFE

Wellnex says it has raised \$6.2 million through a secured convertible note facility at nine percent interest, converting at 25 cents a share and maturing in 24 months.

In May, Wellnex said that it hoped to raise \$7.5 million through the issue of the convertible notes (BD: May 13, 2022).

Wellnex said the conversion price was a 110 percent premium to the current share price, to minimize the impact of dilution to current shareholders.

The company said the funds would accelerate entry for Australian Therapeutic Goods Administration schedule 3 over-the-counter medical marijuana, launch a “wellness”-targeted electronic commerce platform and repay existing convertible notes.

Wellnex was unchanged at 9.9 cents.

RLF (RURAL LIQUID FERTILIZERS) AGTECH

RLF says it has a minimum \$1 million contract with China's Hebei Veyong Bio-Chemical Co for its Ultra-Foliar and Power PK plant nutrition products.

RLF said that under the 12-month agreement, it would provide Hebei Veyong with Ultra-Foliar and Power PK, as well as trace element plant nutrition products used with a variety of crops such as wheat, rice, fruits and vegetables.

RLF was unchanged at 17 cents.

SYNLAIT MILK

Synlait says it has reduced its forecast base milk price for the 2021-'22 season by 3.1 percent from \$NZ9.60 (\$A8.73) to \$NZ9.30 (\$A8.46) per kilogram of milk solids.

The company said its opening forecast for the 2022-'23 season was \$NZ9.00 per kilogram of milk solids.

Synlait chief executive officer Grant Watson said that "while some of the shine has come off the 2021-'22 season as dairy commodity prices have fallen over the past two months, this will still be the highest milk price Synlait has ever paid".

"The 2022-'23 season is starting in a good position with some product already sold at historically high prices, and foreign exchange movements supporting a strong milk price," Mr Watson said.

"Despite these two factors, the 2022-'23 season final milk price will still depend on an ever-evolving global situation."

Synlait fell six cents or 1.9 percent to \$3.08.

ELDERS

Elders says it has completed the disposal of its 30 percent stake in Stockco Holdings to the Melbourne-based Heartland Group on 31 May 2022.

In April, Elders said it would sell its stake in Brisbane's Stockco Holdings booking a non-underlying profit of \$15 million to \$20 million (BD: Apr 1, 2022).

Today, the company said it would book a non-underlying profit of \$20 million to \$22 million, pending finalization of its sale proceeds and costs.

Elders said the implications to its overall profit and loss were immaterial.

Elders was up seven cents or 0.5 percent to \$13.31 with 545,122 shares traded.

CANN GROUP

Cann Group says it is harvesting its first commercial crop of medical marijuana at its Mildura farm and processing facility.

In March, Cann Group said its Mildura marijuana production facility had reached "practical completion" with the Federal Office of Drug Control allowing commercial growing to begin (AVW: Mar 18, 2022).

The company said it was actively cultivating commercial crops across all three of its licenced sites.

Cann Group chief executive officer Peter Crock said "the first commercial harvest at our Mildura site is a significant achievement".

"This harvest is just the first of many to come, but it marks the next phase in Cann's activities as we begin to reap the benefits of our fixed infrastructure investments," Mr Crock said.

Cann Group was up two cents or 6.45 percent to 33 cents.

CANN GROUP

Cann says it has received a second \$500,000 payment of a \$1,975,000 million grant from the Victoria Government's Regional Jobs Fund.

Cann said this week's payment was the second of three milestone payments.

Cann chief executive officer Peter Crock said he expected the Mildura marijuana plantations and manufacturing facility "to provide 40 full-time equivalent jobs [by December 2022] and its construction has already brought significant value to local communities".

CRESO PHARMA

Creso says wholly-owned subsidiary Halucenex Life Sciences has a supply agreement with the Vancouver-based, Optimi Health for psilocybin and mushrooms.

Creso said that Optimi would provide it with European good manufacturing practice-grade psilocybin and functional mushrooms "for health and wellness markets" in the form of whole dried mushrooms, with the initial purchase "free of charge with a \$CA1,500 (\$A1,646) handling fee to be paid to Optimi".

The company said it would negotiate with Optimi regarding future purchases once it had completed testing protocols.

Creso fell 0.2 cents or 3.8 percent to 5.1 cents with 4.2 million shares traded.

SUSTAINABLE NUTRITION GROUP (FORMERLY AUSTRALIAN PRIMARY HEMP)

Sustainable Nutrition has requested an extension to its voluntary suspension relating to "the termination of a ... customer supply agreement "until June 30, 2022.

In May, the company requested the suspension "to assess the potential impact ...[of] the termination of a key strategic customer supply agreement" (AVW: May 20, 2022).

This week, Sustainable Nutrition said the extension would enable a comprehensive review of the company's product ranging, customer acquisition pipeline and financial forecasts following the loss of a strategic customer supply agreement for existing branded goods and last week's resignation of chief executive officer Neale Joseph (AVW: May 27, 2022). Sustainable Nutrition last traded at 14 cents.

NUFARM

The Sydney-based, Citigroup Global Markets Australia says it has ceased its substantial holdings in Nufarm, after disposing of 60,271,136 shares.

Last week, Citigroup said it had acquired Sumitomo Chemical's 60,271,136 Nufarm shares, taking its total to 61,596,429 shares (16.21%) (AVW: May 27, 2022).

Nufarm fell four cents or 0.7 percent to \$5.42 with three million shares traded.

TASFOODS

Sydney's CVC says it has increased its substantial share-holding in Tasfoods from 51,769,199 shares (12.95%) to 63,269,514 shares (14.48%).

CVC said that it acquired 11,500,315 shares for \$805,022 or 7.0 cents a share in the recent placement and share plan that raised \$5.9 million (AVW: Apr 1, May 20, 2022).

Tasfoods fell 0.1 cents or 1.5 percent to 6.4 cents.

TASFOODS

Tasfoods says Craig Treasure will retire as chair, effective from May 30, 2022, with deputy chair John Murphy will be acting chair.

Tasfoods said that as a result of Mr Treasure resignation it had withdrawn the annual general meeting resolution to approve his share appreciation rights, with about 5.8 percent opposition to the granting of share appreciation rights to other directors.

NUFARM

Nufarm says Sumitomo Chemical Co director Toshikazu Takasaki has resigned, effective from May 31, 2022, following Sumitomo's sale of its shares (AVW: May 27, 2022).

ECOFIBRE

Ecofibre says Kristi Woolrych has been appointed KFC South Pacific's general-manager and has resigned as a non-executive director, effective from May 31, 2022.

Ecofibre fell one cent or 2.8 percent to 35 cents.

EPSILON HEALTHCARE

Epsilon says it has appointed Patrick Baiyu Xu as a director, effective from today.

Epsilon said Mr Xu was indirectly the largest shareholder of the company, holding 7.34 percent of the company through his Lands Between Pty Ltd.

The company said Mr Xu had 10 years commercial banking experience, and held a Bachelor of Management Studies and a Master of Commerce and International Business, but did not specify the granting institution.

Epsilon said that given Mr Xu appointment, the placement facility of up to \$2.1 million announced on May 2, would require restructuring and shareholder approval.

Epsilon was up 0.2 cents or 5.7 percent to 3.7 cents.

PHARMAUST

Pharmaust says it has appointed Fiona Milner as Epichem general manager, from June 29, 2022, with Ingrid Kloppe as its business development manager.

Pharmaust said Epichem was its wholly-owned synthetic and medicinal chemistry subsidiary.

The company said Ms Milner had 25 years of experience in the pharmaceutical industry, most recently as regional sales manager for Novartis Pharmaceuticals and previously at Sanofi Aventis, and held a Bachelor of Science from the University of Western Australia.

Pharmaust said that Ms Kloppe had more than 10 years of experience in technical sales and account management, and had worked in the life sciences, mining, industrial, agriculture, marine and construction industries, and held a Bachelor of Science from the University of South Africa in Pretoria.

Pharmaust fell 0.1 cents or 1.15 percent to 8.6 cents.