

Ag & Vet Weekly



Monday July 18 – Friday July 22, 2022

All the news on ASX-listed agriculture and veterinary companies

- * **ASX FLAT, AVW-42 DOWN: MURRAY COD UP 15%; RIDLEY DOWN 9%**
- * **VICTORIA 'SECURES' SVG THRIVE \$50m MELBOURNE AGRICULTURE FUND**
- * **FEDERAL 2021 ENVIRONMENT REPORT WARNS ON CLIMATE CHANGE**
- * **BUBS RECEIPTS UP 107% TO \$91m**
- * **TASFOOD H1 RECEIPTS UP 2.7% TO \$35m**
- * **ECOFIBRE RECEIPTS DOWN 4.5% TO \$31.4m**
- * **PHARMAUST RECEIPTS UP 64% TO \$4m**
- * **CANN GROUP TAKES NAB REVOLVING LOAN FACILITY**
- * **BEGA TELLS ASX 25% FALL QUERIES: 'MILK PRICES NOT MATERIAL'**
- * **CRESO EXPANDS PSILOCYBIN PTSD TRIAL; SSRIs INCLUDED**
- * **WELLNEX, ONELIFE MARIJUANA JOINT VENTURE**
- * **COOKE TAKES 10.5% OF TASSAL**
- * **WILSON BELOW 5% IN RIDLEY**
- * **C2 CAPITAL DILUTED TO 11% OF BUBS**
- * **PERPETUAL TAKES 6.2% OF CLOVER CORP**
- * **PETSTOCK INCREASES, DILUTED TO 12.3% IN APIAM**
- * **IAN OLIFENT, GGP INCREASE, DILUTED TO 12.4% IN WELLNEX**
- * **NEW SOUTH WALES FARMERS ELECTS XAVIER MARTIN PRESIDENT**
- * **EPSILON LOSES CEO JARROD WHITE, STEVEN XU EXECUTIVE CHAIR**
- * **MGC APPOINTS ROBERT CLEMENTS CCO**
- * **AGRIFUTURES: ELDERS PARTNERS FOR EVOKE AG MEETING**

MARKET REPORT

The Australian stock market slipped 0.04 percent on Friday July 22, 2022, with the ASX200 down 2.8 points to 6,791.5 points.

Twelve of the AVW-42 stocks were up, 16 fell, 10 traded unchanged and four were untraded.

Murray Cod was the best, up 2.5 cents or 14.7 percent to 19.5 cents, with 255,901 shares traded.

Wide Open Agriculture climbed 6.25 percent; Ecofibre, Epsilon and MGC were up five percent or more; Food Revolution improved four percent; Althea, Clover and Next Science were up more than three percent; Auscann rose 2.1 percent; A2 was up 1.8 percent; with Apiam up by 0.7 percent.

Ridley Corp led the falls, down 15 cents or 8.8 percent to \$1.55, with 1.7 million shares traded.

Bubs, Creso and Pharmaust lost more than three percent; Botanix, Cobram, Costa, Elixinol and Wellnex shed two percent or more; Cann Group, Clean Seas, Elders, Nufarm and Synlait down one percent or more, with Select Harvests and Tassal down by less than one percent.

VICTORIA GOVERNMENT

The Victoria Government says SVG Thrive will establish a \$50 million fund and its headquarters in Melbourne, to support agriculture across Australia and New Zealand. In a media release the Victoria Treasurer and Minister for Economic Development Tim Pallas said that in Silicon Valley (Palo Alto, California) on the weekend, he secured the establishment of the SVG Thrive Australia Venture and Innovation Platform in Melbourne that would “position Victoria as the prime [agricultural technology] hub in the region, drive growth and enhance the local ecosystem”.

The media release said that the San Jose, California-based SVG Thrive was an agricultural food company which would solely fund the \$50 million venture fund to “facilitate continued international investment in the [agricultural technology] sector and grow the [agricultural technology] start-up eco-system in Victoria and across Australia and New Zealand”.

The release said that SVG Thrive planned to partner with the Melbourne-based La Trobe University’s Australian Food Innovation Centre, and SVG would host an annual Thrive Australia Innovation and Investment Summit to advance the agricultural technology sector. Mr Pallas said “this is a significant vote of confidence in Victorian [agricultural technology] and the payoff will be in jobs now and in the future”.

“It will provide a major boost for the innovators developing new products and processes to transform agriculture in Victoria and around the world,” Mr Pallas said.

SVG Thrive founder and chief executive officer John Hartnett said his company was “excited to embark on our [Australia and New Zealand] journey from Victoria - a large agricultural market, home to world-leading research organizations and a central location to capture [agricultural technology] success”.

FEDERAL GOVERNMENT

The Federal Government 2021 State of the Environment Report has found that “the state and trend of the environment in Australia are poor and deteriorating”.

At the National Press Club this week, Federal Environment and Water Minister Tanya Plibersek said: “If we continue on the trajectory we are on, the precious places, landscapes, animals and plants that we think of when we think of home, may not be here for our kids and grandkids”.

“The previous Minister, Sussan Ley, received [the report] before Christmas, but chose to keep it hidden - locked away until after the Federal election,” Ms Plibersek said.

“When you read it, you’ll know why,” Ms Plibersek said.

“[Australians] deserve to know that threatened communities have grown by 20 percent in the past five years, with places literally burned into endangerment by catastrophic fires,” Ms Plibersek said.

“The Murray Darling fell to its lowest water level on record in 2019,” Ms Plibersek said.

“And that for the first time, Australia now has more foreign plant species than native ones,” Ms Plibersek said.

The 2021 State of the Environment Report is available at <https://soe.dcceew.gov.au/>.

The Report said that Australia’s biodiversity over the past two centuries had “lost more mammal species than any other continent, and continues to have one of the highest rates of species decline among countries in the Organisation for Economic Co-operation and Development”.

The Report also found that native vegetation was being extensively cleared, with rates of clearing increasing, driven by agriculture, forestry and mining.

The 2021 Report said that while Australia’s marine ecosystems were “predominantly in good, stable condition, “reefs, both coral reefs and temperate rocky reefs, and reef-associated species, including fishes and sea snakes, are in poor condition and deteriorating as a result of the effects of climate change and cumulative pressures”.

Farmers for Climate Action chief executive officer Dr Fiona Davis said climate change, driven by the burning of fossil fuels, was hurting rural communities by making floods, fire and drought worse.

“Farmers and their communities rely on a healthy environment for their livelihoods, and to grow the food we eat,” Dr Davis said.

“They deserve safety and security, but in this unbalanced climate caused by carbon emissions they are facing fires, floods and droughts,” Dr Davis said.

“Farmers are leading the way on emissions reduction, and it’s time the coal, gas and transport sectors did their bit too,” Dr Davis said.

Farmers for Climate Action quoted the State of the Environment Report on the Murray Darling Basin: “Rivers and catchments are mostly in poor condition, and native fish populations have declined by more than 90 percent in the past 150 years: a trend that appears to be continuing today”.

In a Veterinarians for Climate Action media release responding to the report, former Australian Government Inspector-General of Biosecurity Dr Helen Scott-Orr said: “The deterioration of native habitats, whether old growth forests, oceans and reefs or inland waterways, together with increasing extinction rates has grave consequences.”

“Healthy and diverse ecosystems help regulate the climate, clean our water supplies, purify our air, maintain our soil, and provide us with food and sources of natural medicines,” Dr Scott-Orr said.

“For example, climate change is responsible for driving the disease Japanese encephalitis further south in Australia this year, affecting pigs, horses and people,” Dr Scott-Orr said.

BUBS AUSTRALIA

Bubs says that receipts from customers for the year to June 30, 2022, was up 107.4 percent to \$91,216,000 compared to the previous corresponding period.

Bubs said that receipts for the three months to June 30, 2021, primarily from its infant formula and goat dairy products, was up by 231.0 percent to \$30,036,000.

The company said it had a cash burn of \$6,719,000, cash and cash equivalents of \$16,273,000, and four quarters of funding available.

Bubs fell two cents or 3.3 percent to 58.5 cents with 5.3 million shares traded.

TASFOODS

Tasfoods says that receipts from customers for the six months to June 30, 2022, was up 2.68 percent to \$34,963,000 compared to the previous corresponding period.

Tasfoods said that receipts for the three months to June 30, 2022, from sales of dairy and poultry products, was up by 0.06 percent to \$17,242,000; it had cash burn of \$1,330,000, with cash and equivalents of \$3,122,000, and 4.3 quarters of funding available.

Tasfoods was unchanged at 6.3 cents.

ECOFIBRE

Ecofibre says receipts from customers for the year to June 30, 2022 fell 4.5 percent to \$31,386,000 compared to the previous corresponding period.

Ecofibre said that receipts from customers for its sale of hemp products for the three months to June 30, 2022 were up 2.4 percent to \$8,129,000.

The company said it had a cash burn of \$1,591,000 for the three months to June 30, 2022, with \$7,251,000 in cash and equivalents.

Ecofibre was up 1.5 cents or 5.6 percent to 28.5 cents.

PHARMAUST

Pharmaust says that receipts from customers for the year to June 30, 2022, were up 64.1 percent to \$4,040,000 compared to the previous corresponding period. Pharmaust that revenue from Epichem subsidiary's synthetic and medical chemistry and plastic recycling for the three months to June 30 was up 196.5 percent to \$1,195,000.

The company said that for the three months to June 30, 2022 it was \$84,000 cashflow positive, with cash and cash equivalents of \$2,428,000.

Pharmaust fell 0.3 cents or 3.4 percent to 8.6 cents.

CANN GROUP

Cann Group says it has finalized arrangements with National Australia Bank for a loan facility and had amended the terms of its construction drawdown facility.

Cann Group said that it would have a revolving leasing limit of \$750,000 which would decrease when goods were financed but increase when repayments were made.

The company said each financing lease covered under the agreement would have a different rate, determined by the Reserve Bank of Australia's then-current rate, and the nature of the item that was being leased.

Cann Group said it would have the ability to repay the lease over a period of 24 to 60 months, and that the facility had an expiry date of June 30, 2023.

Cann Group fell half a cent or 1.6 percent to 30.5 cents.

BEGA CHEESE

Bega has twice told the ASX that an increase in farm gate milk prices is not information that a reasonable person would expect to have a material effect on its securities.

Earlier this month, Bega said competition among milk processors was pushing farm gate milk prices higher, widening the forecast 2022-'23 Ebitda to \$160 million to \$190 million (AVW: Jul 15, 2022).

This week, the ASX noted that Bega's share price had fallen 18 percent from a high of \$4.33 at June 16, to a low of \$3.55 at July 13, 2022, prior to Bega's market update on that day at 7.27pm (AEST), and 24.9 percent to \$3.25 after the announcement.

The ASX also noted changes to analyst and broker price targets, as well as media coverage on a leaked letter detailing "an increase in the opening average milk price".

In its response to the first ASX query, Bega said that the July update which informed the market of the increased milk prices was marked "market sensitive" on the basis that it included guidance on its earnings for next year, and not because it considered milk prices to be something that "a reasonable person would expect to have a material effect on the price or value of [its] securities".

The company said that while it "provided earnings guidance for [the year to June 30, 2023] as soon as the forecast modelling process was completed" the formulation of earnings guidance was contingent on "competitors' selling price increases and the response from customers and consumers".

Bega told Ag & Vet Weekly that the second ASX query, today, removed a paragraph referring to Macquarie which "doesn't follow or comment on [Bega]" but was otherwise the same as the first query.

Ag & Vet Weekly notes that Fonterra and Synlait publish their changes to milk prices on the ASX and mark them as "market sensitive", but A2 Milk does not.

Bega was unchanged at \$3.40 with 996,579 shares traded.

CRESO PHARMA

Creso says subsidiary Halucenex Life Sciences has expanded its up-to 20 patients, phase II trial of psilocybin for treatment-resistant post-traumatic stress disorder.

In February, Creso said Health Canada had approved its planned trial of psilocybin for post-traumatic stress disorder (AVW: Mar 4, 2022).

This week, the company said it would apply for amendments to its approved clinical trial authorisation to include cohorts currently using selective serotonin reuptake inhibitors (SSRIs or anti-depressants), and not require patients to stop using prescribed medications for a week prior to the potential trials' commencement.

Creso said the decision to expand the trial came after engagement with veterans affairs groups and others, and would provide it with additional data on how psilocybin interacts with commonly-used medication for post-traumatic stress disorder.

Creso said it expected a receipt of an amended clinical trial authorization "shortly" and that subject to ethics approval, it would begin patient recruitment and administer first doses.

The company said it had appointed the London, Ontario-based KGK Science Inc as its contract research organization.

Halucenex chief executive officer Bill Fleming said the company had been "completely inundated from several groups regarding potential participation in the study, highlighting the demand for an alternative treatment solution to pharmacological interventions".

Creso fell 0.2 cents or 3.9 percent to 4.9 cents with 5.7 million shares traded.

WELLNEX LIFE

Wellnex says it has a 50-50 joint venture with Onelife Botanicals to manufacture, distribute and sell registered medical marijuana and hemp-based products.

Wellnex said the Berwick, Victoria-based Onelife was a licenced marijuana producer able to produce 20 tonnes of product each year.

The company said the joint venture would see it and Onelife develop and sell products under a jointly developed brand and that all marijuana-based products would be purchased from Onelife, unless it could not provide the necessary specifications.

Wellnex said that it was in the process of obtaining registration of medical marijuana products under the schedule 3 scheme, which has made certain low cannabidiol (CBD) products available over-the-counter, and if successful, it would earn a four percent stake in Onelife.

The company said that it would also begin production of registered products for Australia under the special access scheme by the end of 2022.

Wellnex chief executive officer George Karafotias said "the joint venture signed with Onelife Botanicals marks an exciting step for Wellnex Life in being one of the first to bring [marijuana]-based products to the Australian market".

Wellnex fell 0.2 cents or 2.8 percent to seven cents.

TASSAL GROUP

Cooke Inc and associates say they have increased their substantial share-holding in Tassal from 19,097,085 shares (8.890%) to 22,535,121 shares (10.490%).

Earlier this month, the Blacks Harbour, New Brunswick, Canada-based Cooke Aquaculture bid \$4.85 a share for Tassal, valuing it at \$1,041,882,728 and said that it held 11,596,555 Tassal shares (5.398%) (AVW: Jul 1, 2022).

At that time, Cooke said that the registered holder of the shares was Amore Foods Pty Ltd, care of Kidder Williams of Collins Street, Melbourne, whose managing-director was David Williams, the former chair of Tassal and the advisor to Cooke Inc.

This week, Cooke and associates said between July 13 and 19, 2022 they bought 3,438,036 shares for \$16,672,956.31 or an average of \$4.85 a share.

Tassal fell two cents or 0.4 percent to \$4.94 with 342,112 shares traded.

RIDLEY CORP

Wilson Asset Management Group says it has ceased to be substantial in Ridley.

The Sydney-based Wilson said that December 13, 2021 and July 19, 2022, it bought and sold shares in Ridley, with the largest single sale 2,747,452 shares for \$4,827,537, or \$1.76 a share.

Ridley fell 15 cents or 8.8 percent to \$1.55 with 1.7 million shares traded.

BUBS AUSTRALIA

C2 Capital Global Export To China Fund says its 76,288,510-share substantial holding in Bubs has been diluted from 12.45 percent to 11.06 percent.

The Grand Cayman, Cayman Islands-based C2 said that a placement increased the number of Bubs shares on issue, diluting its holding.

Earlier this month, Bubs said it raised \$32.4 million in a placement at 52 cents a share and \$7.7 million in a one-for-10.64 institutional rights offer, with a further \$22.9 million to be raised in the retail rights offer (AVW: Jul 8, 2022).

CLOVER CORP

Perpetual says it has increased its substantial holding in Clover Corp from 8,377,746 shares (5.04%) to 10,304,968 shares (6.19%).

The Sydney-based Perpetual said that between September 22, 2021 and July 28, 2022, it bought and sold shares in Clover Corp, at prices ranging from 98 cents to \$1.51.

Clover Corp was up 3.5 cents or 3.4 percent to \$1.06.

APIAM ANIMAL HEALTH

Petstock says it has increased its shareholding and has been diluted in Apiam from 20,000,000 shares (16.5%) to 21,240,500 shares (12.3%).

The Ballarat-based Petstock said that it subscribed for 1,240,500 shares for \$992,400 or 80 cents a share in a 2021 placement and was diluted in the recent placement and rights issue which raised \$20.25 million at 70 cents a share (AVW: Apr 16, 2021; Jun 24, 2022).

Apiam was up half a cent or 0.7 percent to 70.5 cents.

WELLNEX LIFE

GGP Investments Pty Ltd says it has increased its Wellnex shareholding and been diluted from 19,292,760 shares (16.82%) to 37,508,363 shares (12.36%).

In a substantial shareholder notice signed by director Ian Olifent, the Sunshine Coast-based GGP said it received 13,400,000 shares as a debt for equity conversion for \$2,016,000 or 15 cents a share and between July 9, 2021 and July 18, 2022 bought shares, with the single largest purchase of 1,750,000 shares at 6.4 cents a share.

In June, Wellnex raised \$6.2 million of a hoped for \$7.5 million through the issue of convertible notes.

NEW SOUTH WALES FARMERS

New South Wales Farmers says it has elected Xavier Martin president on the first day of the organization's annual conference.

New South Wales Farmers said that Mr Martin was a farmer at Mullaley, between Coonabarabran and Gunnedah, growing wheat canola and sorghum.

The industry organization said that Mr Martin previously was its vice-president and "spearheaded efforts to secure government support during the mouse plague".

Mr Martin said he looked forward "to maintaining the momentum on key issues such as biosecurity and productivity".

EPSILON (FORMERLY THE HYDROPONICS COMPANY)

Epsilon says chief executive officer Jarrod White resigned effective from July 21, 2022, with director Steven Xu appointed executive chair.

Epsilon said that Mr Xu would chair an executive management committee which would include non-executive director Patrick Xu to become an executive director, with chief operating officer and joint company secretary Sonny Didugu.

The company said Mr White's resignation followed "the company reaching significant operational milestones including the current exclusive strategic partnership with the [Kelowna, Canada-based] Valens company".

Epsilon was up 0.2 cents or 5.6 percent to 3.8 cents.

MGC PHARMA

MGC says it has appointed Robert Clements as chief commercial officer. MGC said Mr Clements had more than 30 years of experience in the pharmaceutical sector, most recently working as head of business development for Sciensus Rare. MGC was up 0.1 cents or five percent to 2.1 cents.

AGRIFUTURES, ELDERS

Agrifutures says Elders will return as the “platinum partner” for its 2023 Evoke Ag agricultural food and technology conference.

In January, Agrifutures said that the conference would be held in Adelaide, South Australia on February 21 and 22, 2023 (AVW: Jan 28, 2022).

Today, the company said Evoke Ag was the Asia-Pacific’s “premier agrifood tech event”, bringing together farmers, innovators, researchers, universities, corporates, government and investors.

Elders managing-director Mark Allison said that “the demand for safe, quality, Australian product is at an all-time high”.

“As a sector we’re well positioned for exponential growth as Australia’s neighboring populations continue to grow and prosper,” Mr Allison said

“We’re particularly excited to bring Evoke Ag 2023 to Elders’ birthplace of South Australia,” Mr Allison said.

“South Australia has a real and vital part to play in helping our sectors growth ambitions through the development, commercialization and adoption of agrifood tech innovation supporting farmers to be more productive, efficient and sustainable,” Mr Allison said.

Agrifutures managing-director, John Harvey said that Elders had a “183-year legacy in enhancing on-farm innovation and supporting the growth of Australian agriculture”.

It is fitting that the theme for Evoke Ag 2023 is Down to Earth, where we’ll create the conversations and connections that’ll help drive innovation and growth on our farms,” Mr Harvey said.

The conference will be held at Adelaide Convention Centre on February 21 and 22, 2023, with information and tickets available at www.evokeag.com.