

# Ag & Vet Weekly



Monday September 12 - Friday September 16, 2022

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

- \* **ASX, AVW-42 DOWN: ECOFIBRE UP 9.5%; MEMPHASYS DOWN 8%**
- \* **CLOVER REVENUE UP 17% TO \$71m, PROFIT UP 19% TO \$7.1m**
- \* **WELLNEX SHARE PLAN FOR \$2m**
- \* **SELECT HARVESTS EXPECTS ALMOND CROP VOLUME 29kt AT \$6.75/kg**
- \* **RLF VERIDIUM 'SEED PRIMING' TO INCREASE YIELD**
- \* **SYNLAIT: CHINA A2 MILK INFANT FORMULA LICENCE RENEWED**
- \* **CRESO STARTS CANADA PSILOCYBIN PTSD TRIAL**
- \* **ALTHEA LAUNCHES 2 MEDICAL MARIJUANA PRODUCTS**
- \* **AGRIFUTURES RURAL WOMEN'S AWARD, GRANT APPLICATIONS OPEN**
- \* **SEAFARMS: 'PUBLICATION WRONG, NO PLANS TO SELL'**
- \* **APIAM M-D DR CHRIS RICHARDS 14% PAY RISE TO \$448k PA**
- \* **AA TRUST (TAVISTOCK) TAKES 50.1% OF AUSTRALIAN AGRICULTURAL**
- \* **FIRST SENTIER, MITSUBISHI REDUCE TO 5.9% OF TASSAL**
- \* **MORGAN STANLEY BELOW 5% OF TASSAL**
- \* **SHENASABY, CALLAHANS DILUTED TO 6.5% OF BOTANIX**
- \* **GAYLE MCGARRY, CAPERI BELOW 5% OF BOTANIX**
- \* **AUSCANN TO LOSE CEO LAYTON MILLS**
- \* **SELECT HARVESTS APPOINTS MARGARET ZABEL DIRECTOR**

## MARKET REPORT

The Australian stock market fell 1.4 percent on Friday September 16, 2022, with the ASX200 down 95.9 points to 6,747.0 points. Eight of the AVW-42 stocks were up, 16 fell, 11 traded unchanged and seven were untraded.

Ecofibre was the best, up two cents or 9.5 percent to 23 cents, with 59,641 shares traded. RLF climbed 6.7 percent; Althea improved 4.3 percent; Bubs was up 3.9 percent; Cann Group and Clover rose more than one percent; with Synlait and Wide Open up by less than one percent.

Memphasys led the falls, down 0.2 cents or 8.3 percent to 2.2 cents with 1.5 million shares traded. Seafarms lost 7.1 percent; MGC shed 6.25 percent; Wellnex was down 5.4 percent; Murray Cod fell 4.1 percent; Cobram and Elders were down more than three percent; Bega and Elixinol shed more than two percent; Australian Agricultural, Nufarm and Ridley were down more than one percent; with A2, Clean Seas, Select Harvests and Tassal down by less than one percent.

### CLOVER CORPORATION

Clover says revenue for the year to July 31, 2022 was up 16.8 percent to \$70,660,000, with net profit after tax up 18.8 percent to \$7,133,000.

Clover said revenue came primarily from sales of its Omega 3 infant formula with \$25,702,000 from Australia and New Zealand, \$28,057,000 from Asia, \$12,664,000 from Europe and \$4,237,000 from the Americas.

The company said it would pay a fully franked final dividend of 1.0 cent, up 100 percent from last year's fully franked dividend of 0.5 cents, for the record date of October 26, and payable on November 22, 2022.

Clover managing-director Peter Davey said "the revenue result translated into a \$7.1 million net profit after tax which is a 19 percent improvement on the 2020-'21 result of \$6.0 million ... the result was improved \$200,000 by the positive impact of the settlement of the legal defence of our [intellectual property] against Pharmamark, offset by the related legal expenses and the consolidation of the trading loss at Melody Dairies".

"The [net profit after tax] in 2021-'22 has been impacted by inflation across all areas, increased legal costs and travel, as our team re-engages with customers after two years of little to limited international travel," Mr Davey said.

Clover said its diluted earnings per share was up 18.8 percent to 4.29 cents, with net tangible asset backing per share up 8.1 percent to 36.73 cents.

The company said it had cash and cash equivalents of \$10,111,000 at July 31, 2022, compared to \$9,091,000 at July 31, 2021.

Clover was up 1.5 cents or 1.2 percent to \$1.28.

### WELLNEX LIFE

Wellnex says it hopes to raise \$2 million in a share plan at 7.5 cents a share for a marijuana-based products joint-venture with the Victoria-based Onelife Botanicals.

Wellnex said the share plan price was a 19.7 percent discount to the five-day volume-weighted average price to September 12, 2022.

The company said the offer would open on September 14 and close on October 5, 2022.

Wellnex fell half a cent or 5.4 percent to 8.7 cents.

### SELECT HARVESTS

Select Harvests says it expects 2022 crop volume to between 28,800 metric tonnes (t) and 29,200t, with the expected 2023 crop volume to be about 30,000t.

Select Harvests said the forecast crop volume for 2022 was up slightly from 2021, which had a crop volume of 28,250t and that the wetter than normal harvest conditions resulted in lower volume, reduced in-shell, and additional drying and operational costs.

The company said 72 percent of the crop was committed, and the forecast fair value sales price was \$6.75/kg, compared to the previous \$6.64/kg.

Select Harvests said that shipping challenges had eased and it continued to focus its marketing efforts on India, South-East Asia, and China.

The company said that due to bio-security measures to prevent varroa mite, Victorian almond growers were 50,000 bee hives short, but it was able to meet its minimum bee hive requirements on all orchards.

Select Harvests managing-director Paul Thompson said that the strengthening of almond pricing was "pleasing" and that despite difficult market and operational challenges over the previous 18 months, "market demand [was] beginning to build".

Select Harvests fell four cents or 0.7 percent to \$5.52 with 445,209 shares traded.

### RLF AGTECH

RLF says it has launched its liquid Veridium seed priming technology for increasing crop yield and reducing farm input costs.

RLF said Veridium was applied directly to the seed before planting and could improve soil moisture and fertilizer uptake, and significantly increase the yield of wheat, maize and rice crops by increasing the nutrient status of the seed.

The company said that trials of Veridium showed the yield of wheat was increased by 7.9 percent, maize 9.1 percent and rice 11.2 percent, when compared with a control group, and required "only a minimal and comparably low-cost application of Veridium".

RLF said that "the application of approximately 100 grams of Veridium on rice seed yielded more than an additional one tonne of grain per hectare".

RLF managing-director Ken Hancock said research indicated that Veridium would "empower farmers to drastically increase yields and profits".

"It is also positioned to make a vital contribution to addressing the world's escalating hunger crisis," Mr Hancock said. "If our trial results were extrapolated across the world's rice crops, Veridium would increase food supply to feed 1.3 billion people their annual rice consumption."

"This new product represents an exciting step forward in our commitment to sustainable, regenerative global farming practices - and helping farmers be more efficient with fertilizer," Mr Hancock said.

RLF was up one cent or 6.7 percent to 16 cents.

### SYNLAIT MILK, A2 MILK

Synlait says China has renewed its State Administration for Market Regulation licence for A2 Milk's Chinese labelled infant milk formula product.

Synlait said that the renewal allowed it to manufacture A2's infant formula until February 21, 2023 under the Guobiao (GB) standards.

According to Wikipedia, the Guobiao Standards are China's national standards, enforced by law, administrative regulations and "concern the protection of human health, personal property and safety".

Synlait said it was working towards re-registration under the new GB food safety legislation, which will be enforced after the current renewal ends on February 21, 2023.

Synlait said it was working with A2 Milk on stock transition plans and did not expect that volumes of A2 infant formula would be impacted by changes to the re-registration process.

A2 fell four cents or 0.7 percent to \$5.56 with 7.1 million shares traded.

Synlait was up two cents or 0.6 percent to \$3.13 with 445,209 shares traded.

### CRESO PHARMA

Creso says its Canadian subsidiary Halucenex has approval for a 20-patient, phase II trial of psilocybin for treatment-resistant post-traumatic stress disorder.

Creso said Health Canada had authorized Halucenex to trial its Lucenex synthetic psilocybin aqueous product in both 10mg and 25mg formats.

The company said patient recruitment was underway.

Halucenex chief executive officer Bill Fleming said the company had "mobilized quickly following the ... approval and begun the patient recruitment process".

"We have received a significant amount of in-bound enquiries, which further highlights the importance of our planned trial," Mr Fleming said.

Creso was unchanged at 3.6 cents with 6.55 million shares traded.

## ALTHEA GROUP

Althea says it has launched two “next-generation” medical marijuana products, CBD25 and THC25 “one of the highest-concentrated THC dried flower products available”.

Althea said that CBD25 was an oral soft gelatine capsule that contained 25mg of cannabidiol (CBD) and less than 0.25mg of delta-9-tetrahydrocannabinol (THC) per capsule, manufactured to European good manufacturing practice standards.

The company said that CBD25 offered “a gradual onset and extended duration of effect, compared to the rapid onset and shorter duration of effect for products requiring inhalation” and that in-vitro studies showed that the capsules dissolved in less than 10 minutes.

Althea said that CBD25 was “a candidate to be supplied under the [Australian Therapeutic Goods Administration’s] schedule 3, pharmacist only medicine entry for eligible CBD products” which would allow patients to purchase it over-the-counter after consultation with a pharmacist, without the need for a prescription.

The company said that THC25 was a “ultra-high THC cannabis dried flower product”, and contained 25 percent THC and less than one percent of CBD, and was its “highest-concentrated THC dried flower product”.

Althea managing-director Joshua Fegan said “we believe Althea’s soft gel capsules will create incremental sales opportunities for the business, with market research clearly identifying this preparation as the most desirable choice of delivery format”.

“We are equally excited about expanding our dried flower range... [and] the growth of the flower segment in Australia has been significant over the previous 12 months and as the undisputed market leader in cannabis extracts, it is strategically important for Althea to have strong market share in the flower category as well,” Mr Fegan said.

Althea was up four cents or 4.3 percent to 9.7 cents with 1.3 million shares traded.

## AGRIFUTURES

Agrifutures says applications for its 2023 Rural Women’s Award and Acceleration Grant are open.

Agrifutures said the Rural Women’s Award celebrated and empowered women involved in Australia’s rural and emerging industries and businesses, and that it had seen almost 300 women develop innovative rural projects.

The company said each state and territory winner would receive a \$15,000 grant provided by Westpac Bank, as well as access to professional development opportunities.

Agrifutures managing-director John Harvey said that “if you know someone who is actively contributing to rural and regional Australia, tap them on the shoulder ... we hear time and time again, that it is often the friendly encouragement from someone else, that gets applicants over the line to apply”.

Agrifutures said that the Rural Women’s Acceleration Grant was a program developed in 2021, which runs separately to the Award to “provide a leadership and development opportunity to women who are not quite ready to apply for the Award”.

The company said that seven Australian women a year would be granted with a \$7,000 learning and development bursary to enable them to bring their idea to life.

“We are thrilled to be offering the Agrifutures Rural Women’s Acceleration Grant for a second year in 2023, equipping rural women with the tools they need to make a real and tangible impacts in their industry and community,” Mr Harvey said.

Agrifutures said applications for both the award and grant would close on October 19, 2022, and that applicants could apply at: [www.agrifutures.com.au/rwa](http://www.agrifutures.com.au/rwa) or [www.agrifutures.com.au/acceleration-grant](http://www.agrifutures.com.au/acceleration-grant).

### SEAFARMS GROUP

Seafarms says it is not intending to sell part or all of its business despite the suggestion it would in the News Corp publication The Australian.

In June, Seafarms said it would review Project Sea Dragon after encountering a series of issues and internal disruptions to the project, but that it “continues to believe in the future of Project Sea Dragon” (AVW: Jun 24, 2022).

Today, the company said it was continuing its assessment of the development of Project Sea Dragon and would announce the recommendations once the process was complete. Seafarms said it was not aware of the source of the article and that it had complied with its disclosure obligations.

Seafarms fell 0.1 cents or 7.1 percent to 1.3 cents.

### APIAM ANIMAL HEALTH

Apiam says managing-director Dr Chris Richards will receive a 14 percent increase to his fixed remuneration, bringing the total to \$447,703 a year.

Apiam said the change was effective from September 9, 2022 and that the board had undertaken a benchmarking process.

Apiam was unchanged at 75 cents with four (4) shares traded.

### AUSTRALIAN AGRICULTURAL CO

The AA Trust for the Tavistock Group said it has increased its holding in Australian Agricultural from 289,694,453 shares (48.061%) to 301,811,343 shares (50.071%).

The substantial shareholder notice named Bryan Ginton as the trustee for the AA Trust and its associate, the Bahamas incorporated INT Investments Inc, Christopher Mangu as the first successor trustee, Jason Callender as the second successor trustee, Joseph Lewis as the settlor and protector, Vivienne Lewis as the first successor protector and Charles Lewis as the second successor protector.

An Australian Agricultural spokesperson identified the Tavistock Group as the company's largest shareholder and said the company was “delighted at the confidence [the increased shareholding] shows in the business, its performance and the opportunities we are pursuing”.

The AA Trust said that between October 30, 2019 and September 12, 2022, it acquired 12,116,890 shares at prices ranging from 98.57 cents to \$1.9109.

Australian Agricultural fell 3.5 cents or 1.9 percent to \$1.85 with 606,064 shares traded.

### TASSAL GROUP

First Sentier and Mitsubishi UFJ Financial say they have reduced their substantial holding in Tassal from 21,058,385 shares (9.80%) to 12,616,732 shares (5.87%).

Sydney's First Sentier Investors Realindex said that on September 9, 2022, they sold 153,506 shares for \$793,764 or \$5.17 a share, but failed to disclose the nature of, and consideration for, 8,288,147 shares, as required under the Corporations Act 2001.

The Tokyo-based Mitsubishi said that in more than 80 transactions between September 6 and 9, 2022, it bought, sold, borrowed, and returned shares, with the single largest sale 5,000,000 shares for \$25,800,000 or \$5.16 a share.

Ag & Vet Weekly believes the trading to be related to share speculation based on the Cooke Inc takeover bid, rather than a rival bid.

Tassal fell one cent or 0.2 percent to \$5.17 with 1.4 million shares traded.



### TASSAL GROUP

Morgan Stanley says it has reduced its substantial holding in Tassal from 18,459,906 shares (8.59%) to below five percent.

The New York-based Morgan Stanley said that between September 6 and 9, 2022 it bought, sold, borrowed, and returned shares, with the single largest sale 5,000,000 shares for \$25,800,000 or \$5.16 a share.

### BOTANIX PHARMACEUTICALS

Perth's Shenasy Investments Pty Ltd says its 70,738,187 share-holding in Botanix has been diluted from 7.33 percent to 6.52 percent.

The substantial shareholder notice said that the holders were Catherine Callahan, Elise Horgan and Shenasy Investments Pty Ltd.

Botanix executive director Matthew Callahan told Biotech Daily that Ms Callaghan was his spouse and Ms Horgan was the director of his investment company, Shenasy, that held Botanix shares.

Earlier this month, Botanix said it had "firm commitments" to raise up to \$7.5 million in an oversubscribed placement at 6.6 cents a share (AVW: Sep 2, 2022).

Mr Callahan said that he had subscribed for shares in the placement, which were pending shareholder approval.

Botanix was unchanged at 6.7 cents.

### BOTANIX PHARMACEUTICALS

The Perth-based Gayle McGarry and Caperi Pty Ltd say they have ceased their substantial holding in Botanix.

In 2019, Ms McGarry and Caperi Pty Ltd said they had decreased their shareholding and been diluted in Botanix to 59,573,874 shares (6.12%).

Earlier this month, Botanix said it had "firm commitments" to raise up to \$7.5 million in an oversubscribed placement at 6.6 cents a share (AVW: Sep 2, 2022).

Today, Ms McGarry and Caperi said on February 3, 2021 they sold 7,000,000 shares for \$1,249,698 or 17.85 cents a share.

### AUSCANN GROUP

Auscann says 18-month chief executive officer Layton Mills has retired to pursue "other business interests" and will support the company during his six-month notice.

Last year, Auscann said it appointed Cannpal managing-director Layton Mills chief executive officer following its acquisition of Cannpal (AVW: Nov 20, 2020; Jan 18, 2021).

Today, the company said that Mr Mills would pursue other business interests and had been "integral to the continued progress of the company's animal health pipeline, following the acquisition of Cannpal Animal Therapeutics".

Auscann said it would appoint a new chief executive officer at an "appropriate time".

Auscann was in a suspension for a "material acquisition" announcement and re-compliance with ASX Listing Rules, and last traded at four cents.

## SELECT HARVESTS

Select Harvests says it has appointed Margaret Zabel as a non-executive director, and that directors Fiona Bennett and Fred Grimwade will retire in February 2023.

Select Harvests said that Ms Zabel was currently a director of the Reject Shop and G8 Education, Collective Wellness group and Fairtrade Australia and New Zealand, and was previously the Advertising Council Australia's chief executive officer.

The company said Ms Bennett and Mr Grimwade would not stand for re-election at the upcoming annual general meeting in February 2023.

Select Harvests said that Ms Bennett had joined the board in 2017 and Mr Grimwade had reached the end of his 12-year board tenure, joining in July 2010.