

# Ag & Vet Weekly



Monday May 16 – Friday May 20, 2022

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

- \* **ASX, AVW-42: UP: AUST AGRICULTURAL UP 11%; MEMPHASYS DOWN 7%**
- \* **NUFARM H1 REVENUE UP 31% TO \$2.2b; PROFIT UP 61% TO \$99m**
- \* **AUST AGRICULTURAL REVENUE UP 4% TO \$276m; PROFIT UP 201% TO \$137m**
- \* **AG & VET WEEKLY FEDERAL ELECTION EDITORIAL**
- \* **AGRIFUTURES \$105k RURAL WOMEN'S AWARD FINALISTS**
- \* **NANOLLOSE, PARADISE TEXTILES NULLARBOR-20 FIBRE DEAL**
- \* **APIAM BUYS VICTORIAN EQUINE, ROMSEY VETERINARY FOR \$14m**
- \* **SELECT HARVESTS: WET WEATHER IMPACTS ALMOND VOLUME, QUALITY**
- \* **TASFOODS SHARE PLAN RAISES \$463k; TOTAL \$5.9m**
- \* **NEXT SCIENCE APPOINTS ORADERM BLASTX DISTRIBUTOR**
- \* **A2 TO DEFEND NZ CLASS ACTION**
- \* **PHARMAUST RADIUM \$210k RDTI LOAN**
- \* **PHARMAUST RECEIVES MND TRIAL MONEPANTEL TABLETS**
- \* **ALTHEA: IRELAND OKAYS CBD12:THC10 MEDICAL MARIJUANA**
- \* **MEMPHASYS PLEADS SCHULTZ TO ASX 28.8% FALL QUERY**
- \* **MGC PLEADS IGNORANCE TO ASX 'AWARE' QUERY**
- \* **SUSTAINABLE NUTRITION 'TERMINATED SUPPLY' SUSPENSION**
- \* **BLACKROCK TAKES 5% OF A2**
- \* **FIRETRAIL BELOW 5% IN NUFARM**
- \* **BAIYU XU, LANDS BETWEEN TAKE 7% OF EPSILON**
- \* **SEAFARMS: ROD DYER CEO ON \$750k; WHITCOMBE REPLACES BRANNAN**
- \* **DAVID MUSCAT TO REPLACE A2 CFO RACE STRAUSS**
- \* **ANATARA APPOINTS JOHN MACHAILIDIS COO**

## MARKET REPORT

The Australian stock market climbed 1.15 percent on Friday May 20, 2022, with the ASX200 up 81.1 points to 7,145.6 points.

Sixteen of the AVW-42 stocks were up, 13 fell, 11 traded unchanged and two were untraded.

Australian Agricultural was the best, up 19 cents or 10.7 percent to \$1.97, with 2.8 million shares traded.

Botanix climbed 9.3 percent; Epsilon was up 6.1 percent; Fonterra and Wellnex were up more than three percent; A2 Milk, Bubs, Murray Cod, Nanollose and Pharmaust rose more than two percent; Auscann and Cann Group were up more than one percent; with Apaim, Bega, Clover and Cobram up by less than one percent.

Memphasys led the falls, down 0.3 cents or 6.8 percent to 4.1 cents, with 668,355 shares traded.

Ecofibre, Elixinol and Nufarm fell more than four percent; Food Revolution and RLF lost more than three percent; Synlait shed 2.7 percent; Creso, Elders, Next Science, Ridley and Select Harvests were down more than one percent; with Costa Group down by 0.3 percent.

## NUFARM

Nufarm says revenue for the six months to March 31, 2022 was up 31.3 percent to \$2,165,553,000 with net profit after tax up 61.1 percent to \$98,717,000.

Nufarm said the increase in profit was due to strong growth in the Asia-Pacific and North America, as well as in its seed technologies.

The company said it would pay an unfranked four cent dividend per share to investors on the record date of May 27 to be paid on June 17, 2022.

Nufarm said diluted earnings per share was up 64.9 percent to 24.9 cents, net tangible assets per share was up 17.6 percent to \$2.61 and it had cash and cash equivalents of \$460,726,000 at March 31, 2022, compared to \$500,673,000 at March 31, 2021.

Nufarm fell 25 cents or 4.1 percent to \$5.82 with 3.3 million shares traded.

## AUSTRALIAN AGRICULTURAL COMPANY

Australian Agricultural says revenue for the year to March 31, 2022 was up 3.97 percent to \$276,067,000 with net profit after tax up 201.1 percent to \$136,930,000.

Australian Agricultural said revenue included \$208,529,000 from sales of its Wagyu beef and \$67,538,000 from sales of cattle.

The company said that no final or interim dividends were declared or paid during the current and prior financial periods.

Australian Agricultural said that diluted profit per share was up 200.8 percent to 22.92 cents, net tangible assets per share was up 29.7 percent to \$2.27, and it had \$9,269,000 in cash at March 31, 2022 compared to \$8,875,000 at March 31, 2021.

Australian Agricultural was up 19 cents or 10.7 percent to \$1.97 with 2.8 million shares traded.

## AG & VET WEEKLY FEDERAL ELECTION EDITORIAL

Ag & Vet Weekly refrains from editorials, holding the view that our readers are as well-informed as we are.

But this Federal Election is a watershed in Australia's history. The Liberal National Party Government has not been good for the agricultural and veterinary sectors for two major reasons: Climate Change and China.

The greatest threat to the planet, our farms and oceans is the failure to ameliorate Global Warming. It is real and it is here. We have no choice but to act.

The National Party represents mining interests, not farmers and certainly not innovation.

We have been gravely disappointed by the flood of media releases from Agriculture Minister David Littleproud, which often attack the Labor Opposition, which is not in power, or even Labor states, rather than promoting what he is doing for the industry.

The plethora of drought and flood relief announcements are embarrassing, when one considers the destruction by the National Party's John Anderson of the Farmgate Levy leading to a privatization and sale to off-shore interests of the Australian Wheat Board. Labor's Farmgate Levy meant grain farmers had a reserve in bad years. Mr Anderson used it to provide voting shares for the privatized Wheat Board, which no longer exists.

Finally, the Government kicking our number one customer in the face over Covid beggars belief. We are told that Mr Morrison was provided "intelligence" that US President Donald Trump would be re-elected and an attack on China by Australia would curry favor.

Our Foreign Minister Marise Payne lit the fuse, calling for an inquiry into the Wuhan origin of Sars-Cov-2, followed by the Trade Minister Simon Birmingham further insulting China.

According to the Department of Foreign Affairs and Trade, exports to China increased 21.3 percent to \$179.3 billion in the year to December 31, 2021, but as a proportion of all exports fell from 40.7 percent to 39.1 percent, as all exports rose.

Beef fell 12.7 percent; wheat rose 51.9 percent to \$1.2 billion, but \$504.9 million of barley was wiped to nothing. Alcoholic beverages tumbled 93.7 percent. Crustaceans fell from half a billion dollars to \$93.5 million. Wood, coal, crude petroleum, pharmaceuticals, and veterinary products were hit hard, but wool, iron ore and natural gas all improved. Curiously, we exported \$7.0 billion of gold to China and \$5.05 billion of "confidential items of trade", which probably means weapons of some sort.

Labor's expected Foreign Minister Senator Penny Wong has her work cut out for her, should Labor win the election.

Our view is that Labor, the Greens and the "teal" independents are all superior options to the LNP, which has done innovators no favors. The Greens have the best policies on innovation and saving the planet, and might just push Labor into taking real action on Climate Change.

**David Langsam, Editor**

## AGRIFUTURES AUSTRALIA

Agrifutures says seven state and territory finalists for its Rural Women's Award will each receive \$15,000 from the Westpac Bank.

Agrifutures said that the national finalists were Kylie Jones from Alice Springs, Northern Territory, Stephanie Trethewey from Dunkeld, Tasmania, Kimberly Furness from Strathfieldsaye, Victoria, Louise O'Neill from Denmark, Western Australia, Josie Clarke from Bellimbopinni, New South Wales, Robyn Verrall from McCallum, South Australia and Rebecca Bradshaw from Jackson, Queensland.

The industry organization said that New South Wales and the Australian Capital Territory had a combined award.

Agrifutures managing director John Harvey said the seven national finalists were "already making such a positive influence in their industries and communities with their initiatives".

The citations for the state and territory finalists is available at: <https://bit.ly/3wt6KM4>.

Westpac Group agribusiness general manager Stephen Hannan said the award acknowledged rural women and his bank applauded all the state and territory finalists.

"These leaders are turning projects and businesses into opportunities that benefit rural industries and communities," Mr Hannan said.

"Westpac has been a long-term supporter of Australian rural industries and we're committed to advancing the growth of women in business," Mr Hannan said.

Agrifutures said that the winner and runner up would receive an additional \$20,000 and \$15,000 respectively and be announced at its award dinner at Parliament House in Canberra on September 6, 2022.

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

## NANOLLOSE

Nanollose says it has an agreement with the Taipei, Taiwan-based Paradise Textiles to develop and manufacture yarns and textiles using its waste cellulose Nullarbor fibre.

Nanollose said it would provide an initial 135kg of Nullarbor-20 "forest-friendly" lyocell fibre to Paradise.

In March, the company said that it had produced 250kg of Nullarbor-20 from a 20:80 waste cellulose to woodchip mix, proving commercial scalability (AVW: Mar 4, 2022)

Today, Nanollose said that if the collaboration was successful, it would continue to supply Nullarbor-20 fibre for the commercial manufacture of yarns and textiles by Paradise but did not disclose the financial details of the agreement.

Nanollose executive chair Dr Wayne Best said he was "delighted" that Nanollose would work with Paradise Textiles to develop a range of yarns and fabrics from Nullarbor fibres.

"The collaboration lets us partner again with an organization that shares our vision for creating a more sustainable fashion industry," Dr Best said.

"Paradise's innovation capabilities and expertise will enable us to generate innovative, sustainable, and high-quality materials in keeping with the fibre itself," Dr Best said.

"The collaboration will also generate the quantity and variety of samples required by brand partners," Dr Best said.

Paradise co-founder and chair Ashok Mahtani said his company had a "vision of making fashion fit for the future [and] collaborations like our latest partnership with Nanollose are important in helping us collectively change fashion's broken business model".

"Sustainable material innovation and reducing the impact of the industry on the environment is vital to the future of our planet and we look forward to bringing the results of our partnership to fruition," Mr Mahtani said.

Nanollose was up 0.2 cents or 2.4 percent to 8.5 cents.

### APIAM ANIMAL HEALTH

Apiam says it will pay \$13.75 million to acquire the assets of the Bendigo-based Victorian Equine Group and Victoria's Romsey Veterinary Surgery.

Apiam said the acquisition would be paid with \$9.8 million in cash and \$4.0 million of Apiam shares, with an additional earn-out payable to the vendors of the Victorian Equine Group of up to \$1.2 million, contingent on performance.

The company said it expected settlement of the Romsey Veterinary Surgery by June 1, and the Victorian Equine Group by July 1, 2022.

Apiam said shares issued to vendors would be subject to a minimum escrow period of 12 months, with 50 percent subject to an escrow period of 24-months.

The company said the acquisition of the Victorian Equine Group added a "third high-performance cornerstone referral equine centre and provided Apiam with a leading specialist equine presence in the Eastern states.

Apiam managing-director Dr Chris Richards said the Victorian Equine Group would "enable us to provide industry leading surgical and specialist skills to the broad range of equine markets we service in Victoria".

"Apiam now have a leading specialist cornerstone equine clinic location in each major East Coast state for our local clinics to use for expert referral," Dr Richards said.

"Romsey Veterinary Surgery adds an important mixed animal location in the fast growth corridor between Melbourne and Bendigo," Dr Richards said.

Apiam was up half a cent or 0.6 percent to 79.5 cents.

### SELECT HARVESTS

Select Harvests says it expects quality and crop volumes from 4.0 billion tonnes of unharvested almond kernel to be impacted by wetter than average conditions.

Select Harvests said it had sales commitments for 51 percent of the crop and forecast a crop of 29.63 billion tonnes at an estimated sell price of \$6.64, but "given the adverse conditions, quality levels and total crop volume has been impacted".

The company said horticultural and processing costs had increased as a result of the wet harvest and general logistic cost increases, but that the company was working to fast track the drying and processing of the affected crop to prevent further deterioration and maximize crop potential.

Select Harvest fell seven cents or 1.2 percent to \$5.99 with 443,078 shares traded.

### TASFOODS

Tasfoods says it has raised \$463,503 of a hoped-for \$500,000 in a share purchase plan, bringing the total raised in its recent capital raising to \$5.9 million.

In April, Tasfoods said it hoped to raise \$5.5 million in a partially underwritten placement at seven cents a share, and raise a further \$500,000 in a share plan at the same price (AVW: Apr 1, 2022).

The company said it would use the funds raised to provide general working capital support, connectivity improvements, and commercial acceleration initiatives.

Tasfoods was unchanged at 6.8 cents.

## NEXT SCIENCE

Next Science says that Melbourne's Oroderm Pharmaceuticals will distribute its anti-microbial wound gel Blastx in Australia and New Zealand.

Next Science said the five-year agreement granted Oroderm exclusive rights in Australia and New Zealand for the sale and marketing of a dual Next Science and Oroderm labelled version of Blastx.

The company said revenues would be based on an agreed unit price and a minimum quantity per order and were expected "to become material".

Next Science said Oroderm's initial focus in Australia and New Zealand would be hospitals, nursing homes, dermatologists and over-the-counter pharmacies.

The company said the agreement would automatically renew for an additional three years at the conclusion of its initial five-year term.

Next Science fell one cent or 1.1 percent to 87 cents.

## A2 MILK CO

A2 says that "a representative proceeding" has been filed at the High Court of New Zealand, naming the company as a defendant.

In October, A2 said it would "vigorously defend" class action proceedings in the Supreme Court of Victoria brought by Slater and Gordon Lawyers on behalf of shareholders who acquired an interest in the company on the ASX or NZX Main Board between August 19, 2020 and May 9, 2021 (AVW: Oct 8, 2021).

In November, the company said Shine Lawyers filed proceedings in the Supreme Court of Victoria making "allegations which are broadly similar to those advanced by ... Slater and Gordon" (AVW: Nov 26, 2021).

Today, A2 said the New Zealand proceeding, filed by Thorn Law and funded by CHC Investment Fund III Pty Ltd, related to the same period and made "allegations that were broadly similar to those advanced by the two class actions filed in the Supreme Court of Victoria".

The company said it had "at all times complied with its disclosure obligations, denies any liability and will vigorously defend the proceedings."

A2 Milk was up 10 cents or 2.4 percent to \$4.28 with 3.9 million shares traded.

## PHARMAUST

Pharmaust says it has borrowed \$210,000 from Radium Capital against its expected Federal Government Research and Development Tax Incentive.

Pharmaust said that the Radium loan would provide it with immediate funds equivalent to 80 percent of its accrued Research and Development Tax Incentive to February 28, 2022 and allowed for a second advance at June 30, 2022.

The company said that loan's compound interest rate was 1.25 percent a month, with repayment timed to coincide with the receipt of its 2022 Research and Development refund, expected by December 31, 2022.

Pharmaust finance director Sam Wright said the Radium facility provided "secure and non-dilutive funds against a backdrop of geo-political uncertainty and broader equity market volatility".

"Bringing forward our future [research and development] refund strengthens Pharmaust's financial position to execute on our upcoming clinical trials," Mr Wright said.

Pharmaust was up 0.2 cents or 2.3 percent to nine cents.



## PHARMAUST

Pharmaust says it has received its current good manufacturing practice-grade monepantel for its Melbourne motor neurone disease trial with Fight MND.

In March, Pharmaust said it had manufactured trial-grade monepantel for its motor neuron disease and Covid-19 clinical trials (AVW: Mar 18, 2022).

Today, the company said that its monepantel tablets were “designed with a different shape and size to help swallowing by motor neurone disease patients and to reach specific blood drug levels targeted for this disease”.

Pharmaust said that the pre-release technical specifications of the monepantel tablets showed that stability specification required for the trial were achieved and that it was awaiting documentation from the manufacturer.

The company said that preparations for the motor neurone disease trial were “mostly complete” and were expected to be finalized prior to the end of May.

Pharmaust said it could not begin recruitment until it had the relevant approvals from the Australian Therapeutic Goods Administration.

Pharmaust chief scientific officer Dr Richard Mollard said that it was a “terrific milestone” to have monepantel tablets designed for the trial on-site and that “with the remaining preparations near completion, discussions with potential accruals will be formally commenced once hospital governance is signed”.

“We are grateful to Fight MND for \$881,085 funding for this trial and for its continual support,” Dr Mollard said.

## ALTHEA GROUP

Althea says Ireland’s Health Products Regulatory Agency has approved the prescription and supply of its medical marijuana CBD12:THC10.

Althea said it would make an application for the drug to be added to Ireland’s Primary Care Reimbursement Service, to make it free for patients prescribed the treatment under Ireland’s Medicinal Cannabis Access Programme for treatment-resistant spasticity, nausea, and epilepsy.

Althea chief executive officer Joshua Fegan said “the approval of our first medicinal cannabis product in the Republic of Ireland is another positive achievement aligned to our European growth strategy for Althea”.

“Having one of only a limited number of cannabis-based medicines approved for sale in Ireland is a massive advantage for Althea and when combined with our world-class medical education program, we aim to achieve positive and sustainable growth in Ireland over the years to come,” Mr Fegan said.

Althea was unchanged at 12 cents.

## MEMPHASYS

Memphasys has told the ASX that it is not aware of any information it has not announced which, if known, could explain recent trading in its securities.

The ASX said the company’s share price fell 1.5 cents or 28.85 percent from a high of 5.2 cents to a low of 3.7 cents, yesterday May 16, 2022, and noted a “significant increase” in trading volume.

Memphasys fell 0.3 cents or 6.8 percent to 4.1 cents.

### MGC PHARMACEUTICALS

MGC has told an ASX 'aware' query that it only became aware of the March 31 patent grant from the Slovenia Intellectual Property Office on May 4, 2022.

Earlier this month, MGC said the Slovenia Intellectual Property Office had granted it a patent relating to its medical marijuana (AVW: May 13, 2022).

The ASX noted that an extract from the Slovenia Intellectual Property Office, showed a patent owned by MGC Pharma titled "Self-emulsifying concentrate of cannabinoid-ionic complex and method for its preparation" was published on March 31, 2022.

The ASX asked MGC whether the information in the announcement was material and if so when it first became aware of the information.

Today, the company said the Slovenian patent was material, but that it first became aware of the patent grant in correspondence on May 4, 2022, between its managing-director, Roby Zomer, and the co-owner of the patent, the Ljubljana-based Graft Polymer.

MGC said that the announcement was released on May 10, 2022 following review by the company's technical team, company secretary, and managing-director.

MGC was unchanged at 2.1 cents with 2.2 million shares traded.

### THE SUSTAINABLE NUTRITION GROUP

Sustainable Nutrition has requested a suspension "to assess the potential impact in relation to the termination of a key strategic customer supply agreement".

Trading will resume on June 1, 2022 or on an earlier announcement.

Sustainable Nutrition last traded at 14 cents.

### A2 MILK CO

Blackrock says it has become substantial in A2 Milk with 37,398,996 shares, or 5.029 percent of the company.

The New York-based Blackrock said that in more than 700 transactions between January 18 and May 17, 2022, it bought and sold shares in A2 Milk.

### NUFARM

Brisbane's Firetrail Investments Pty Ltd says it has ceased to be a substantial shareholder in Nufarm, selling 7,632,259 shares.

In February, Firetrail said it held 22,294,672 shares (5.87%) (AVW: Feb 18, 2022).

Today, the company said that between February 14, and May 13, 2022, it sold 7,632,259 shares for \$48,925,743, or an average \$6.41 per share.

### EPSILON HEALTHCARE (FORMERLY THE HYDROPONICS COMPANY)

Baiyu Xu and Lands Between Pty Ltd said they have become substantial in Epsilon with 17,647,059 shares or 7.34 percent.

The Sydney-based, Mr Xu and Lands Between said that on May 3, 2022 they bought 17,647,059 shares for \$600,000 or 3.4 cents a share.

Epsilon was up 0.2 cents or 6.1 percent to 3.5 cents.



### SEAFARMS

Seafarms says Rod Dyer will be paid \$750,000 following his appointment as chief executive officer and director, with Harley Whitcombe appointed a director.

Earlier this month, Seafarms said former chair Ian Trahar would replace executive chair Michael McMahon as non-executive chair, following requests for a meeting to remove executive chair Mr McMahon as a director (AVW: May 6, 2022).

Today, the company said Ian Brannan would step down as chief financial officer, director and company secretary, effective immediately, and be replaced as company secretary by Mr Whitcombe, with Ian Leijer appointed chief financial officer.

Seafarms said Terutaka Kuraishi had been appointed alternate director for 12.7 percent substantial shareholder Nippon Suisan Kaisha (Nissui) representative Hisami Sakai, replacing Naoto Sato.

Seafarms was unchanged at 1.6 cents with 3.3 million shares traded.

### A2 MILK

A2 Milk says David Muscat will replace Race Strauss as chief financial officer, effective from October 2022.

A2 Milk said that Mr Strauss would step down from his role today but would leave the company at the end of its financial year, June 30, 2022.

The company said that most recently, Mr Muscat was DIM Brands International chief financial officer, and previously was the chief financial officer at Hanes Australasia and Pacific Brands.

A2 said that group head of finance Mark Sherwin would be the interim chief financial officer until Mr Muscat joined the company.

### ANATARA LIFESCIENCES

Anatara says it has appointed John Michailidis as chief operating officer, to begin "mid-June".

Anatara said Mr Michailidis had experience in pharmaceutical and technology companies. Anatara was unchanged at 6.3 cents.