

Ag & Vet Weekly



Monday December 19 - Thursday December 22, 2022

All the news on ASX-listed agriculture and veterinary companies

- * **ASX, AVW-41 UP: AVECHO UP 18%; NANOLLOSE DOWN 8%**
- * **SYNLAIT H1 RESULTS WARNING, FULL YEAR UNCHANGED**
- * **SYNLAIT REVISES FORECAST MILK PRICE TO \$8.56/kgMS**
- * **AVECHO: ETHICS APPROVAL FOR PHASE III MARIJUANA INSOMNIA TRIAL**
- * **AVECHO, PERRIGO TO DEVELOP IBUPROFEN-TPM GEL**
- * **CLEAN SEAS RENEWS \$32.15m CBA LOAN**
- * **ROOTS APPOINTS ES FRANCE DISTRIBUTOR**
- * **PHARMAUST: PARTIAL RESPONSE IN 2 DOGS**
- * **NUFARM: 272k M-D GREG HUNT RIGHTS AGM**
- * **CENTRAL T CORRECTS RLF HOLDING TO 6.9%**
- * **COBRAM APPOINTS TONI BRENDISH DIRECTOR**

MARKET REPORT

The Australian stock market was up 0.53 percent on Thursday December 22, 2022, with the ASX200 up 37.4 points to 7,152.5 points.

Eighteen of the AVW-41 stocks were up, 10 fell, nine traded unchanged and four were untraded.

Avecho was the best, up 0.2 cents or 18.2 percent to 1.3 cents, with 4.3 million shares traded. Creso and Elixinol climbed five percent or more; Murray Cod was up 3.45 percent; Apiam, Ecofibre and Ridley rose two percent or more; Althea, Bega, Botanix, Clean Seas, Elders, Fonterra, Pharmaust, Rare Foods and Select Harvests were up more than one percent; with A2 and Australian Agricultural up by less than one percent.

Nanollose led the falls, down 0.5 cents or 7.9 percent to 5.8 cents, with 100,578 shares traded. Memphasys lost 6.7 percent; RLF was down 5.9 percent; Cann Group and Synlait fell more than four percent; Wellnex was down 3.4 percent; Cobram, Next Science and Tasfoods shed more than two percent; with Clover Corp down by less than one percent.

SYNLAIT MILK

Synlait says its net profit after tax for the six months to January 31, 2023, will be lower than the prior corresponding period “due to the impact of delayed sales on cash flows”.

Synlait said that while it expected its 12 months to July 31, 2023 to be in line with its guidance, delayed shipments, reduced lactoferrin volumes, and increased interest rates and costs had affected its guidance for the six months to January 31, 2023.

Synlait fell 15 cents or 4.4 percent to \$3.25.

SYNLAIT MILK

Synlait says it has revised its forecast base milk price for 2022-'23 from \$NZ9.50 (\$A9.03) per kilogram of milk solids (/kgMS) to \$NZ9.00 (\$A8.56) per kgMS.

The company said that the revised forecast reflected “weaker global demand since September 2022 ... [due to] cost of living increases globally, and economic activity in China [which] remains suppressed due to Covid-19 restrictions”.

AVECHO BIOTECHNOLOGY

Avecho says it has ethics approval for its 540-patient pivotal, phase III trial of its oral marijuana-based cannabidiol (CBD) ‘softgel’ capsule for insomnia, to begin in 2023.

In 2021, Avecho said it had a pre-submission meeting with the Australian Therapeutic Goods Administration for its over-the-counter soft-gel cannabidiol product for insomnia, and would address design aspects of a pivotal phase III trial and safety information related to cannabidiol and its soft gel product (AVW: May 28, 2021).

Today, the company said the randomized, placebo-controlled, phase III trial would study the effect of the administration of 75mg and 150mg a day of its cannabidiol-tocopheryl phosphate mixture (TPM) versus placebo, across three different treatment groups.

Avecho said the primary endpoint was the reduction of insomnia severity after eight weeks of treatment, with two different scales.

The company said that secondary endpoints would examine specific aspects of sleep, including time to fall asleep and the time spent waking up after sleep was initiated.

Avecho said it would conduct an interim analysis after about 300 patients had been dosed to determine whether there was any effect present or if the trial should be terminated.

The company said that the study had been designed to be relevant to the TGA, the US Food and Drug Administration and the European Medicines Agency “a key factor to support potential product registration in these leading global healthcare markets”.

Avecho chief executive officer Dr Paul Gavin said “everything we have learnt over the last 15 years of drug development has gone into this product and this study - and it’s a watershed moment for any biotechnology company and its investors to commence a phase III trial”.

“We are working with a trial design and host of respected professionals that will maximize the chance of success and eventual approval in multiple regions,” Dr Gavin said.

“The TGA has never assessed CBD in a submission package for pharmaceutical approval - similarly, no regulatory agency in the world has approved CBD for this indication,” Dr Gavin said. “This has motivated the Avecho team to work strategically and methodically to design a phase III trial that meets regulatory criteria in key markets.”

“It is hoped this will put us in a leading position for both regulatory approval and for negotiating significant commercial deals with leading international pharmaceutical companies,” Dr Gavin said.

Avecho was up 0.2 cents or 18.2 percent to 1.3 cents with 4.3 million shares traded.

AVECHO (FORMERLY PHOSPHAGENICS)

Avecho says it will work with the Dublin-based Perrigo Co PLC to develop a tocopheryl phosphate mixture (TPM)-based ibuprofen gel for “a pain-related indication”.

In 2009, the then Phosphagenics said that a 12-patient, phase Ib trial of the inflammatory pain drug diclofenac (Voltaren) showed that its tocopheryl phosphate mixture increased deep absorption by 380 percent.

In 2013, Phosphagenics said that commercial partner Themis Medicare would supply TPM-diclofenac gel to Novartis India to distribute and sell.

Today, the company said that Perrigo would conduct a clinical trial of the gel for a pain-related indication in 2023, with positive results triggering an agreement under which it would license its TPM technology to Perrigo, which would continue development towards registration with the US Food and Drug Administration.

Avecho chief executive officer Dr Paul Gavin said that the company had “previous experience developing topical diclofenac for clinical trials and commercialization and look forward to including these learnings in the new ibuprofen product”.

CLEAN SEAS SEAFOOD

Clean Seas says it has renewed its \$32.15 million funding agreement with the Commonwealth Bank of Australia until July 2024.

Clean Seas said the facility would provide working capital, and would fund planned capital investment projects which would deliver increased production capacity and automation.

Clean Seas was up one cent or 1.7 percent to 60 cents.

ROOTS SUSTAINABLE AGRICULTURAL TECHNOLOGIES

Roots says it has an exclusive distribution agreement for sale of its Root Zone Temperature optimization systems with the Paris-based ES France.

Roots said that under the 12-month agreement, ES would be subject to a minimum sales requirement of EUR30,000 (\$A48,000), and if the contract was extended beyond the initial term, it would be subject to minimum sales requirements of EUR80,000 and EUR150,000 for the second and third years, respectively.

Roots executive chair Boaz Wachtel said the agreement was “an important step in our global distribution strategy, as we leverage the traction developed in our core markets to expand into new jurisdictions”.

Roots was unchanged at 0.2 cents.

PHARMAUST

Pharmaust says two dogs in its trial of monepantel in canine B-cell lymphoma have exhibited a partial response, as assessed by administering veterinarians.

Pharmaust said it required 18 out of 46 dogs to exhibit overall clinical benefit to meet its statistical endpoint.

The company said that 33 dogs had been treated with monepantel, excluding four dogs removed from the study.

Pharmaust was up 0.1 cents or 1.5 percent to 6.7 cents.

NUFARM

Nufarm says its annual general meeting will vote to issue 272,227 rights to managing-director Greg Hunt at \$5.95 a right, worth \$1,619,888, pending milestones.

Nufarm said the meeting would vote to elect Alexandra Gartmann, John Gillam, Marie McDonald, Gordon Davis and Peter Margin as directors, renew the proportional takeover approval provisions, approve an employee share plan and adopt the remuneration report. The meeting will be held at the RACV Club, 501 Bourke St, Melbourne on February 1, 2023, at 11am (AEDT) and online at: <https://meetnow.global/M46YSDC>.

Nufarm was unchanged at \$6.20 with 1.2 million shares traded.

RLF (RURAL LIQUID FERTILISERS) AGTECH

The West Gosford, New South Wales-based Central T says it has become substantial in RLF with 12,776,070 shares or 6.908 percent of the company.

Last week, in an initial substantial shareholder notice signed by Central T director Anthony James Denny, Central T said it held 12,776,070 shares or 14.198 percent of the company. This week the company refiled its initial substantial holder notice correcting the percentage, but without explanation of the error.

Ag & Vet Weekly calculated that the shares held by Central T amounted to 14.20 percent of the shares on issue on the ASX, not counting the 94,948,008 shares in ASX escrow.

Both announcements said that on April 20, 2022 Central T bought 10,000,000 shares at 20 cents a share and on December 7 it bought 2,776,060 shares at 15 cents a share.

In April, RLF raised \$8.5 million at 20 cents a share in an initial public offer to list on the ASX and further commercialize its plant nutrition products (AVW: Apr 22, 2022).

RLF fell one cent or 5.9 percent to 16 cents.

COBRAM ESTATE OLIVES

Cobram says it has appointed Toni Brendish as a non-executive director, effective from January 23, 2022.

Cobram said Ms Brendish was most recently Westland Milk Products chief executive officer, and previously was Danone Group managing director of infant formula and dairy in Australia, New Zealand, Malaysia, and Indonesia.

Ms Brendish's LinkedIn page said that she held a Bachelor of Commerce from the University of Melbourne, and a Diploma in Business Administration from the University of Sydney.

Cobram fell three cents or two percent to \$1.45.