

Ag & Vet Weekly



Monday February 6- Friday February 10, 2023

All the news on ASX-listed agriculture and veterinary companies

- * **ASX DOWN, AVW-41 EVEN: ECOFIBRE UP 7.5%; ROOTS DOWN 25%**
- * **SEAFARMS UNHAPPY WITH \$15.3m CANSTRUCT RULING**
- * **COBRAM AUSTRALIAN OLIVE OIL YIELD 'IN LINE WITH EXPECTATIONS'**
- * **ONE MONTH TO ABARES OUTLOOK 2023 CONFERENCE**
- * **WIDE OPEN OAT MILK FOR WH SMITH SHOPS**
- * **TASFOODS TO DISTRIBUTE JUICE GUYS DRINKS IN TASMANIA**
- * **MEMPHASYS FELIX 'BEATS DGC FOR SPERM SEPARATION'**
- * **CRESO, HALUCENEX EXPLORE PSYLOCIBIN FOR AUSTRALIA**
- * **ELDERS PLEADS SCHULTZ, BRIEFINGS TO ASX 7% FALL QUERY**

MARKET REPORT

The Australian stock market fell 0.76 percent on Friday February 10, 2023, with the ASX200 down 56.6 points to 7,433.7 points. Thirteen of the AVW-41 stocks were up, 13 fell, 11 traded unchanged and four were untraded.

Ecofibre was the best, up 1.5 cents or 7.5 percent to 21.5 cents, with 11,870 shares traded.

Anatara climbed 6.7 percent; Epsilon improved four percent; Althea, Pharmaust and Select Harvests were up more than three percent; Australian Agricultural and Cann Group rose more than two percent; Apiam and Bubs were up more than one percent; with A2, Clover and Synlait up by less than one percent.

Roots led the falls, down 0.05 cents or 25 percent to 0.15 cents, with 228,888 shares traded.

Rare Foods lost 16.7 percent; Food Revolution, MGC and Next Science were down more than nine percent; Wellnex fell 4.5 percent; Clean Seas lost 3.5 percent; Wide Open shed 2.2 percent; Fonterra and Ridley were down more than one percent; with Bega, Costa and Nufarm down by less than one percent.

SEAFARMS GROUP

Seafarms says the adjudicator of its dispute with Brisbane contractor Canstruct for its Project Sea Dragon in northern Australia says it owes Canstruct \$15.29 million.

Seafarms said that the adjudicator, the Royal Institution of Chartered Surveyors, determined a total amount of \$13.9 million, excluding GST, was payable to Canstruct following the suspension of work on Project Sea Dragon black tiger prawn aquaculture in December 2021 and later termination of contracts in April 2022.

In 2021, the company appointed Canstruct as a “managing contractor” for management, procurement and construction of stage 1a of the project, involving building about 396 hectares (979 acres) of ponds and other infrastructure to support about 6,000 tonnes of “premium” black tiger prawns annually (AVW: Mar 26, 2021).

Later that year, Seafarms raised the maximum cost of stage 1a by 41.4 percent to \$410 million and awarded a \$95 million contract to Canstruct (AVW Oct 15, 2021).

Last year, a project review, led by former chair Michael McMahon and company secretary Ian Brannan concluded the project “cannot proceed in its current form - there is no funding to proceed given failure of the debt financing process” (AVW: Apr 8, 2022).

Also in April, former chair Ian Trahar and Avatar Industries called for the removal of Mr McMahon and replaced him in May, with Rod Dyer later appointed as chief executive officer (AVW: Apr 22, May 6, 20, 2022).

In June the company said it would assess “a number of matters raised” in its Project Sea Dragon Review briefing” (AVW: Jun 24, 2022).

This week, Seafarms chief executive officer Rod Dyer said the company was “extremely disappointed with the decision of the adjudicator in the contractual dispute with Canstruct”. “Seafarms provisioned \$8.7 million for a settlement of this dispute in its 2022 accounts, and has the capacity to cover the balance,” Mr Dyer said.

“We believe the determination to be excessive and are now considering our next steps on this matter, including legal redress,” Mr Dyer said. “Once that legal advice is received and considered, the company will provide the market with a further update.”

“As stated in our [annual general meeting presentation in November 2022] the assessment of key risks to Project Sea Dragon in 2022 found there was no technical reason why it should not continue,” Mr Dyer said.

“We remain focused on the development of a new business case for Project Sea Dragon,” Mr Dyer said.

Seafarms was unchanged at 0.8 cents.

COBRAM ESTATE OLIVES

Cobram says its Australian olive harvest is “in line with expectations however a slightly smaller than normal fruit size” is likely due to delays in the fruit development cycle.

Cobram said that due to the biennial nature of olive production the year to June 30, 2023 would deliver a higher yielding olive crop compared to the previous year, and earnings before interest, taxation, depreciation and amortization (Ebitda) was also expected to “increase materially” for the year ending June 30, 2023.

The company said that heavy rainfall in California had “provided welcome relief for water users in the irrigation district where the company’s US groves are located” and the Australian rainfall had not caused “any material damage”.

Cobram said that with Australian water prices below historical averages, it had purchased most of its Australian seasonal water for the year ending June 30, 2023 at a weighted average price of \$40 per megalitre, compared with \$88 per megalitre in the previous year Cobram was unchanged at \$1.36.

THE BUREAU OF AGRICULTURAL AND RESOURCE ECONOMICS AND SCIENCES

Abares says next month's Outlook 2023 conference will host industry leaders, policymakers and experts to discuss trends and challenges for Australian agriculture.

Abares said that registration for the March 7 and 8 conference had opened.

The Bureau said that the conference would have more than 60 speakers at 13 sessions focusing on "what's on the horizon for the sector".

Abares said that Outlook 2023 would be at the Canberra National Convention Centre, with this year's theme 'global uncertainty, local challenges'.

Abares executive director Dr Jared Greenville said Outlook 2023 was "a must-attend event for anyone with an interest in ... agricultural" providing insight for producers, industry and government, navigating uncertain times, challenges and opportunities.

Abares said that speakers came from Innovate UK, the Commonwealth Scientific and Industrial Research Organisation, Austrade (Federal Department of Trade), the Commonwealth Bank, National Farmers Federation, Farmers for Climate Action, Australian Food & Grocery Council, Animal Health Australia, Meat and Livestock Australia, Australian Export Grains Innovation Centre, Australian Seaweed Institute, the Australian Workers Union and producers.

"Discussions will delve into the impact of international and domestic emissions policy over the long term while ensuring agriculture remains competitive and sustainable," Dr Greenville said. "The conference will consider how producers have responded to previous labor shortages and what improved access to workers means going forward."

"Outlook 2023 offers attendees a terrific opportunity to network with peers and engage in thought-provoking conversation and analysis with industry leaders," Dr Greenville said.

For more information and to register, go to: www.agriculture.gov.au/abares/outlook.

WIDE OPEN AGRICULTURE

Wide Open says it will supply its Dirty Clean Food "cold brew oat milk" to WH Smith convenience stores across Australia.

The company said it had initial purchase orders for the "regenerative and carbon neutral oat milk" which would be in shops by the end of February 2023.

Wide Open chief executive officer Jay Albany said that "after successfully gaining market share in Perth, initially through independents and more recently being listed in Coles Local, it's great to see the momentum continuing with Cold Brew's first national listing through a partner such as WH Smith".

Wide Open fell half a cent or 2.2 percent to 22 cents.

TASFOODS

Tasfoods says it will distribute the Adelaide Hills-based The Juice Guys range of drinks and smoothies in Tasmania, but did not disclose the commercial terms of the agreement. Tasfoods said The Juice Guys was a division of Australian Pure Fruits and it had existing distribution and logistics capability in Tasmania from its Betta Milk business.

Tasfoods chief executive officer Scott Hadley said "it's a perfect fit for both businesses as we leverage our inherent distribution strength to range their ... portfolio of beverages.

"We have already received strong feedback from our customers that they welcome our increased presence in this category and we look forward to mutual growth in the years ahead," Mr Hadley said.

Tasfoods was untraded at 3.5 cents.

MEMPHASYS

Memphasys says two publications show its Felix sperm separation system outperforms density gradient centrifugation (DGC) methods, in-vitro.

Memphasys said the two studies found its Felix electrophoretic spermatozoa separation device outperformed the DGC, which was “the most globally common sperm preparation method for [in-vitro fertilization]”.

The company said the first article, titled ‘Spermatozoa isolation with Felix outperforms conventional density gradient centrifugation preparation in selecting cells with low DNA damage’, was published in the journal Andrology and the full article was available at: <https://doi.org/10.1111/andr.13384>.

Memphasys said that in 29 human semen samples the Felix system “significantly improved spermatozoa fractions with higher progressive motility, lower sperm DNA fragmentation, and lower sperm DNA oxidation compared with raw semen and DGC-prepared spermatozoa”.

The company said the second study, titled ‘A comparison between the Felix electrophoretic system of sperm isolation and conventional density gradient centrifugation: a multi-centre analysis’, was published in the Journal of Assisted Reproduction and Genetics and was available at: <https://doi.org/10.1007%2Fs10815-022-02680-0>.

Memphasys said it supported the study conducted at five centres in Australia, India, US, Sweden and China.

The company said the centres “compared the quality of the sperm populations isolated by the Felix system and DGC in terms of processing time, sperm concentration, motility, vitality and DNA integrity”.

Memphasys said the study found that in 112 comparisons, the Felix system was “a positive technical development capable of isolating suspensions of highly motile spermatozoa in a fraction of the time taken by conventional procedures such as DGC”.

The company said “four of the five centres reported a significant improvement in DNA integrity relative to DGC [and] one reported no statistical difference but both methods selected sperm with low DNA damage”.

Memphasys said the Felix system isolated “sperm in a standardized six-minute preparation time whereas clinical DGC protocols vary between sites but generally took around 40 minutes to complete”.

Memphasys was unchanged at 1.6 cents.

CRESO PHARMA

Creso says wholly-owned psychedelics subsidiary Halucenex Life Sciences “is exploring opportunities to register its synthetic psilocybin formulation” in Australia.

Last week, the Australian Therapeutic Goods Administration said that it would allow the prescription of ‘magic mushroom’ based psilocybin and 3,4-methylene-dioxy-meth-amphetamine (MDMA, or ecstasy) from July 1, 2023.

The TGA said last week the two psychedelic drugs could be “prescribed by specifically authorized psychiatrists” and it would permit the prescription of MDMA for post-traumatic stress disorder and psilocybin for treatment-resistant depression.

This week, Creso said that Halucenex was currently undertaking a 20-patient, phase II, single-arm, open-lab clinical trial which will test the efficacy of psilocybin on treatment resistant PTSD, as well as other mental illnesses such as, but not limited to, anxiety, suicidal thoughts, attention deficit hyperactivity disorder, depression and anger.

Creso was unchanged at 1.8 cents with 16.3 million shares traded.

ELDERS

Elders 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 69 cents or 7.4 percent from a close of \$9.38 on February 7, to a low of \$8.69 on February 8, 2023, and noted a "significant increase" in trading volume.

Elders said it held two investor briefings on February 7, in which "no price sensitive information was discussed" but broader, known factors such as a decline in livestock prices, unseasonably wet conditions, softer real estate sales activity, strong winter cropping outlook and the succession of managing director and chief executive officer were discussed.

Elders was unchanged at \$8.95 with 952,963 shares traded.