

Ag & Vet Weekly



Monday March 20 - Friday March 24, 2023

All the news on ASX-listed agriculture and veterinary companies

- * **ASX, AVW-41 DOWN: EPSILON UP 5%; ELIXINOL DOWN 17%**
- * **QUEENSLAND 2050 NET ZERO EMISSIONS AGRICULTURE ROADMAP**
- * **FOOD AGILITY LAUNCHES PILOT EMISSION PROGRAM**
- * **RLF LAUNCHES GRAIN CARBON CAPTURE PROGRAM**
- * **SEAFARMS \$3.5m TO RESTORE PROJECT SEA DRAGON**
- * **NANOLLOSE EXTENDS BIRLA CELLULOSE, GRASIM DEAL TO 2025**
- * **MGC ARTEMIC WINS US FDA O-T-C LISTING; \$3m AMC ORDER**
- * **HEALTH HOUSE: COURT ORDERS CRESO ACQUISITION VOTE**
- * **ROOTS EGM APPROVES 12-TO-1 CONSOLIDATION; 7% DISSENT**
- * **A2 MILK COMPLETES \$138m, 21.7m SHARE BUYBACK**
- * **FOOD REVOLUTION CHANGES NAME, CODE TO ORIGINAL JUICE CO, OJC**
- * **ALLAN GRAY TAKES 12.8% OF NUFARM**
- * **CITIGROUP REDUCES TO 5.7% OF COSTA**
- * **TATTARANG DR ANDREW 'TWIGGY' FORREST BELOW 5% IN RIDLEY**
- * **PERENNIAL TAKES 8.8% OF ECOFIBRE**
- * **TIGA, THORNEY DILUTED TO 6.2% IN SUSTAINABLE NUTRITION**
- * **WEXFORD, NASH DILUTED BELOW 5% IN SUSTAINABLE NUTRITION**
- * **NFF'S FIONA SIMSON WINS RABOBANK LEADERSHIP AWARD**
- * **BUBS APPOINTS PAUL JENSEN DIRECTOR**
- * **SYNLAIT LOSES NIGEL MACDONALD, GLENN LAING ACTING OPS HEAD**
- * **JOANNE FORD TO REPLACE WIDE OPEN DIRECTOR STUART McALPINE**

MARKET REPORT

The Australian stock market fell 0.19 percent on Friday March 24, 2023, with the ASX200 down 13.4 points to 6,955.2 points. Eleven of the AVW-41 stocks were up, 13 fell, nine traded unchanged and eight were untraded.

Epsilon was the best, up 0.1 cents or five percent to 2.1 cents, with 121,600 shares traded. Bubs climbed 4.4 percent; Cann Group was up 3.6 percent; Australian Agricultural and Select Harvests rose more than two percent; Fonterra and Rare Foods were up one percent or more; with A2, Bega, Nufarm and Synlait up by less than one percent.

Elixinol led the falls, down 0.4 cents or 16.7 percent to two cents, with 113,637 shares traded. Food Revolution lost 13.0 percent; MGC fell 9.1 percent; Terragen was down 6.1 percent; RLF fell 4.55 percent; Anantara was down 3.6 percent; Cobram, Next Science and Ridley shed more than two percent; Clover and Elders were down more than one percent; with Clean Seas and Costa down by less than one percent.

QUEENSLAND GOVERNMENT

The Queensland Government says it hopes to reach net zero agriculture emissions by 2050 through sustainable livestock, cropping, energy, landscape management and supply. The Government said it planned to research methane reduction in livestock feed, support developing greener fertilizer options, promote the on-farm use of renewable energy, educate producers on carbon farming options and hold a five-year review.

A media release from Queensland's Minister for Agricultural Industry Development and Fisheries and Minister for Rural Communities Mark Furner said the roadmap would help Queensland's agricultural businesses thrive, while reducing greenhouse gas emissions. Mr Furner said the initiative would give producers ways to prepare and implement changes to their practices which would reduce "transition costs and disruption to their business ... [compared to] those who delay and find themselves urgently responding to market forces".

Mr Furner said the roadmap was "written following an extensive consultation process between the Department of Agriculture and Fisheries and key industry partners" with the aim of providing "a structured, smooth transition while minimizing dramatic changes".

"Now is the time to take action, adopt the roadmap's strategies and yield the benefits of secure long-term economic and social prosperity," Mr Furner said.

"But this is not a set-and-forget approach," Mr Furner said. "We will keep refining the roadmap as over time we develop even more emissions reductions solutions."

Agforce chief executive officer Mike Guerin said the roadmap would "help producers by providing key areas to prioritise their focus including natural asset management, business profitability and risk management".

"As proud and responsible contributors to the State's economy, we recognize the importance of supporting the roadmap and doing what we can to lower emissions to promote long-term sustainability," Mr Guerin said.

The Agforce website said it was the result of the 1999 merger of the Cattlemen's Union of Australia, the Queensland Graingrowers Association and the United Graziers' Association. Queensland Farmers' Federation chief executive officer Jo Sheppard said the roadmap would "assist in providing clarity to farmers about some of the options available to them as they embark on their own low emissions journey".

FOOD AGILITY COOPERATIVE RESEARCH CENTRE

The Food Agility Cooperative Research Centre says with Charles Sturt University it will run a project to manage agriculture greenhouse gas emissions in Wagga Wagga.

Food Agility CRC said the project would address the need for farmers to show they are reducing the carbon footprint of their products by managing their greenhouse gas emissions, a factor in reaching environmental, social and governance milestones.

The CRC said there was increased pressure to report climate exposure as domestic and international consumers sought environmentally sustainable products.

Food Agility said the project would “create credible and tangible measurement, reporting, and verification (MRV) systems for the entire agribusiness value chain”.

The CRC said the systems would be standardized, verifiable and would enhance financial products, help de-risk investments, and cultivate brand awareness and consumer trust.

Food Agility said the project’s outcomes were to measure greenhouse gas emissions in agricultural production, facilitate the measurement of emissions and to create an open and accessible benchmark for effective sustainability reporting.

For more information, email: hello@foodagility.com.

RLF (RURAL LIQUID FERTILISERS) AGTECH

RLF says it has launched its accumulating carbon in soil system (ACSS) to “increase [carbon dioxide] captured and stored in ... agricultural soils”.

Earlier this month, RLF said it had appointed Raj Aggarwal as its manager of carbon strategy and corporate development to commercialize its provisional patent, titled ‘A Methodology for Accumulating Carbon in Soils’, and generate Australian Carbon Credit Units (ACCUs) (AVW: Mar 3, 2023).

The Australian Energy Regulator website said that an ACCU was an issued credit representing one tonne of carbon dioxide equivalent, stored or avoided by a project.

This week, RLF said it planned to deliver its system to the Australian grain industry, “aggregating land for soil carbon projects and integrating with current farming practices”.

The company said that farmers participating in the program would not have to change the use of their land, and it would result in “emission savings from direct fertilizer reduction ... [as well as] increased yield and quality for farmers”.

RLF said the ACSS program had the potential for multiple streams of revenue, including carbon credits, product sales and compliance systems, and was ready for implementation at commercial scale with the launch of a 5,000-hectare soil carbon pilot program.

The company said its pilot program had the potential to generate between 9,600 to 15,000 ACCUs a year, with Australia’s grain crop potential 69 million ACCUs a year.

RLF said that at the Australia carbon price of \$36.50 [per tonne], ACCU gross revenue from grain crops in Australia was estimated to be about \$2.5 billion a year.

RLF said its accumulating carbon in soil program focused on the commercial farming grain sector to “combine increases in food production and carbon offsets where other typical registered soil carbon projects have been focused only on tree and pastoral crops”, with the potential to scale the program into the international grain market.

RLF managing-director Ken Hancock said “we see a significant opportunity to increase yield, improve soil health and biodiversity whilst monetizing our proprietary systems and technology in partnership with farmers and emitters to meet Australia’s net zero targets”.

“The Australian Carbon Credit system uses best-in-class compliance to generate high-grade and durable carbon credits that will provide a solid foundation to springboard into the global carbon market,” Mr Hancock said.

RLF fell one cent or 4.55 percent to 21 cents.

SEAFARMS GROUP

Seafarms says it will pay \$3.5 million to creditors to retake control of its Project Sea Dragon Pty Ltd black tiger prawn aquaculture venture.

In February, Seafarms said its subsidiary Project Sea Dragon had been placed into voluntary administration with BDO Business Restructuring Pty Ltd and had requested a voluntary suspension from the ASX (AVW: Feb 17, 2023).

This week, the company said that the second creditors meeting had approved a deed of company arrangement was in the best interest of creditors.

Seafarms said the deed included its contribution of \$3.5 million to pay creditors, with control of Project Sea Dragon returning to the directors of Seafarms.

The company said that “no jobs were lost and the operations at Exmouth continued successfully throughout the administration period”.

Seafarms said the Deed of company arrangement included 100 cents in the dollar to employees, 100 cents for small claim creditors owed less than \$300,000, and a balance of funds to non-small claim creditors estimated at 10.11 cents to 11.12 cents in the dollar.

The company said landlords and other creditors would not claim in the deed but be met “in the ordinary course of business post-deed acceptance.

Seafarms said that the deed would provide more to creditors than liquidation.

The company said it hoped to lift its voluntary suspension from the ASX on April 5, 2023.

Seafarms company secretary Harley Whitcombe told Ag & Vet Weekly that the company was pleased with the speed and efficiency of the administrators.

Seafarms last traded at 0.8 cents.

NANOLLOSE

Nanollose says it has extended its tree-free cellulose fibres agreement with Grasim Industries' Birla Cellulose, part of Mumbai's Aditya Birla Group, for two more years.

Nanollose said the deal set research and development objectives for the conversion of cellulose to fibre, with both companies to jointly own the intellectual property developed.

In 2020, the company said it would work with Grasim to develop and commercialize tree-free fibres in an up to three-year agreement that would see both companies contribute materials and services, share knowledge and intellectual property related to microbial cellulose and its conversion into fibre, for the commercialization of fibres including its Nullarbor and Nufolium products (AVW: Jan 31, 2020).

This week, Nanollose said further improvements to the microbial cellulose had been made and that the next round of fibre spin was scheduled in the “coming weeks”.

The company said that with Birla Cellulose it had produced 260kg of Nullarbor-20, a blend of 20 percent microbial cellulose from recovered waste with 80 percent wood pulp.

Nanollose said the 260kg of fibre was converted into a variety of yarns and fabrics, with samples sent to fashion brands for appraisal, and feedback was “very positive, and comprehensive product testing has confirmed the high quality of the fabrics”.

Nanollose said that with Birla it made a small batch of Nullarbor fibre from 100 percent microbial cellulose and converted it to yarn, which was then used to create a knitted garment launched at the Global Fashion Summit in Copenhagen in June 2022.

Nanollose executive chair Dr Wayne Best said the extension marked the “continued interest of Birla Cellulose to pursue ongoing commercial opportunities for the technology based on work carried out and industry feedback received to-date”.

“For Nanollose, it also provides a clear product development runway, to accelerate the development efforts towards commercialization of this novel technology,” Dr Best said.

Nanollose was untraded at 4.4 cents.

MGC PHARMACEUTICALS

MGC says the US Food and Drug Administration has granted food additive Artemic over-the-counter status, and AMC Holdings has placed a \$US2,000,000 (\$A2,980,000) order. MGC said that the Miami, Florida's AMC would handle US supply and distribution and sell the additive through the US Pharmacy Benefit Management network, from April 2023. According to the company's website, Artemic consisted of 60mg vitamin C, 20mg of Curcuma Longa extract and 15mg of Boswellia serrata extract. MGC chief executive officer Roby Zomer said the listing "provides significant access to the largest healthcare market in the world and stands as a major milestone". MGC fell 0.1 cents or 9.1 percent to one cent with 2.15 million shares traded.

CRESO PHARMA, HEALTH HOUSE INTERNATIONAL

Health House says the Supreme Court of Western Australia has orders it to convene a meeting to vote on the proposed Creso acquisition and publish a scheme booklet. Last year, Creso said it had a non-binding agreement to acquire the Perth-based medical marijuana distributor Health House International for up to \$4,630,388 in shares and options (AVW: Aug 5, 2022). Separately, Health House said Creso would acquire it for a 67 percent premium to its market capitalization based on the closing price of Health House shares on July 27, 2022 of 12 cents a share and Creso's share price of 4.9 cents a share at the same date. This week, Health House said the meeting would be held at Pathways Corporate, Level 3, 101 St Georges Terrace, Perth, on May 2, 2023 at 1.30pm (AWST). The company said that if shareholders approved the acquisition, a second court hearing would be held on May 4, 2023. Creso was unchanged at one cent with 3.3 million shares traded. Health House was up fell 0.2 cents or 25 percent to one cent.

ROOTS SUSTAINABLE AGRICULTURAL TECHNOLOGIES

Roots says its extraordinary general meeting approved its 12-to-one consolidation, reducing the shares on offer from 1,039,219,644 shares to 86,601,637 shares. Roots said the record date for the consolidation would be March 24, with trading on a normal trade plus two days basis to start on April 3, 2023. The company said all resolutions at the meeting faced more than seven million votes in opposition, with the strongest dissent 8,132,124 votes (8.32%) against the issue of Chess depositary interests (CDIs), with the dissenting shares amounting to 0.8 percent of Roots. Roots was untraded at 1.2 cents.

A2 MILK CO

A2 Milk says it has completed its on-market buyback of 21,680,314 shares, or 2.4 percent of its issued capital, for \$NZ149 million (\$A138.83 million). Last year, A2 Milk said it expected to the buyback of up-to 37,180,62 shares to run for 12 months, and in November, the buyback began, Ag & Vet Weekly calculated it would account for about five percent of the company (AVW: Sep 30, Nov 11, 2022). This week, the company said it had reduced its share capital to about \$NZ100,000 for the year to June 30, 2023, as a result of the buyback. A2 Milk said that following the buy-back it had 721,976,214 shares on offer. A2 Milk was up three cents or 0.5 percent to \$5.91 with 1.4 million shares traded.

THE FOOD REVOLUTION GROUP

Food Revolution says it has changed its name to the Original Juice Company, with the new ASX code OJC effective from March 27, 2023.

Food Revolution chair Jeffrey Kennett said he thanked “all of our loyal shareholders, for supporting and embracing the change of name to Original Juice Co.”

“This begins a new chapter in our company’s history and will enable the foundations for future growth and prosperity,” Mr Kennett said.

Food Revolution fell 1.5 cents or 13.0 percent to 10 cents.

NUFARM

Allan Gray says it has increased its substantial holding in Nufarm from 44,902,420 shares (11.81%) to 48,739,527 shares (12.81%).

The Sydney-based Allan Gray said that between October 7, 2022 and March 21, 2023 it bought 5,131,380 shares for \$30,232,628, or \$5.89 a share and sold 1,294,273 shares for \$7,514,216, or \$5.81 a share.

Nufarm was up three cents or 0.55 percent to \$5.49 with 697,701 shares traded.

COSTA GROUP

Citigroup Global Markets Australia says it has reduced its substantial holding in Costa from 31,601,201 shares (6.8002%) to 26,610,696 shares (5.7263%).

The Sydney-based Citigroup said on March 17, 2023 it increased its holding by 14,361,572 shares through contracts, decreased its holding by 14,367,041 shares and 1,266 shares through contracts, and decreased by 4,983,770 shares subject to a lending agreement.

Citigroup provided no price details as required under the Corporations Act 2001.

Costa Group fell one cent or 0.4 percent to \$2.33 with 961,357 shares traded.

RIDLEY CORPORATION

Tattarang Pty Ltd and Dr Andrew ‘Twiggy’ Forrest say they have ceased their substantial holding in Ridley.

Tattarang is a private investment group owned by the Forrest family.

In 2021, Tattarang and Dr Forrest said that they held 20,864,186 shares (6.53%) in Ridley.

Today, Tattarang said that as a trustee for the Peepingee Trust and Dr Forrest, between November 18, 2021 and March 22, 2023 it sold 10,058,745 shares for \$21,568,721, or \$2.14 a share.

Ridley fell five cents or 2.2 percent to \$2.18.

ECOFIBRE

Perennial Value Management says it has increased its holding in Ecofibre from 26,276,118 shares (7.53%) to 30,636,605 shares (8.77%).

The Sydney-based Perennial said that between November 2, 2021 and March 20, 2023 it bought and sold shares, with the single largest purchase on June 29, 2022 of 5,026,827 shares for \$1,001,344 or 19.92 cents a share.

Ecofibre was unchanged at 18 cents.

THE SUSTAINABLE NUTRITION GROUP

Tiga Trading Pty Ltd says its 8,737,500 share-holding in Sustainable Nutrition has been diluted from 7.24 percent to 6.21 percent (see below).

The Sustainable Nutrition Group was untraded at 1.7 cents.

THE SUSTAINABLE NUTRITION

Melbourne's Wexford Rise Pty Ltd and Sophie Nash say they have been diluted below the five percent substantial shareholders threshold in the Sustainable Nutrition Group.

Wexford said that on March 20, 2023 it held 6,799,706 shares and decreased in its

percentage interest due to the issue of new shares by the Sustainable Nutrition Group.

On March 20, 2023, Sustainable nutrition issued 20,156,515 shares under the employee incentive scheme.

RABOBANK

Rabobank says National Farmers' Federation president Fiona Simson has won its 2023 Rabobank Leadership Award for her role in Australian agriculture.

Rabobank said Ms Simson had been president of the National Farmers' Federation since 2016 and was chair of Future Food Systems CRC and chair of the Australian Centre for International Agriculture Research.

The organization said the decision acknowledged Ms Simson's role as a key collaborator for the 2030 national roadmap to exceed \$100 billion in annual agricultural output by 2030.

Rabobank Australia and New Zealand regional manager Peter Knoblanche said the award paid tribute to Ms Simon's "instrumental role in the future growth and prosperity of Australia's agriculture sector".

BUBS AUSTRALIA

Bubs says it has appointed Paul Jensen as a non-executive director and chair of its audit and risk committee, effective from March 20, 2023.

Bubs said Mr Jensen was a director and treasurer of the Federal Government's Australia Made campaign, responsible for the Australian Made and Australian Grown trade-marks.

The company said Mr Jensen was the managing director of two ASX-listed investment companies and had worked in the banking and investment management sectors, including for Lloyds Bank, as well as in consumer goods, equity capital markets, government, philanthropy and indigenous affairs.

Bubs said that Mr Jensen had been a director of Carbon Conscious, Monash Absolute Investment, Hunter Hall, Sandon Capital, Wam Capital, Foodco Group and Forty Winks.

Bubs said Mr Jensen held a Bachelor of Commerce and Administration from the Wellington, New Zealand-based University of Victoria.

Bubs was up one cent or 4.4 percent to 23.5 cents with 1.3 million shares traded.

SYNLAIT MILK

Synlait says director of operations Nigel Macdonald will resign, effective at the end of May 2023, with manufacturing head Glenn Laing appointed acting operations director.

Synlait was up two cents or 0.9 percent to \$2.24.

WIDE OPEN AGRICULTURE

Wide Open says Joanne Ford will replace Stuart McAlpine as a non-executive director. Wide Open said Ms Ford had more than 30 years' experience in listed entities and had worked as chief financial officer, director of finance and company secretary for Navitas, Mycolivia Group, Delica Therapeutics and Nestle Nespresso.

The company said Mr McAlpine had been a non-executive director since 2015 and would retain a "close working relationship with the company".

Wide Open was unchanged at 15 cents.