

Ag & Vet Weekly



Monday May 8 - Friday May 12, 2023

All the news on ASX-listed agriculture and veterinary companies

- * **ASX EVEN, AVW-42 UP: EPSILON UP 12.5%; AVECHO DOWN 11%**
- * **SELECT HARVESTS ALMOND CROP DOWN 40%**
- * **AVECHO RIGHTS RAISE \$2m OF HOPED-FOR \$11m**
- * **ALTHEA: UK NHS APPROVES MARIJUANA FOR PAIN**
- * **ECOFIBRE: MARIJUANA FOR GYNECOLOGICAL DISORDERS US PATENTS**
- * **BIOGENE: GRAIN R&D CORP TO SUPPORT FLAVOCIDE**
- * **ORIGINAL JUICE HOPES FOR \$3.5m NATIONAL AUSTRALIA BANK LOANS**
- * **ORIGINAL JUICE CHINA, MALAYSIA SUPPLY DEALS**
- * **PHARMAUST: MONEPANTEL BROAD ANTI-CANCER EFFECT, IN-VITRO**
- * **STABLE MONEPANTEL EARNS PHARMAUST FIGHT MND \$119k**
- * **EPSILON MARIJUANA PERMIT RENEWED**
- * **CRESO TELLS ASX: PSILOCYBIN, HEALTH HOUSE PUSHED PRICE 50%**
- * **CRESO HEALTH HOUSE ACQUISITION APPROVED**
- * **CITIGROUP TAKES 6.8% OF COSTA**
- * **BUBS 'TERMINATES' CEO KRISTY CARR, CHAIR DENNIS LIN**
- * **A2: KEVIN BUSH US CEO; BLAKE WALTRIP, ELEANOR KHOR, JOHN ROBERTS**
- * **ALEX DING, CHRIS RAMSAY REPLACE BIOGENE'S ROBERT KLUPACS**

MARKET REPORT

The Australian stock market was up 0.07 percent on Friday May 12, 2023, with the ASX200 up 4.8 points to 7,256.7 points. Fifteen of the AVW-42 stocks were up, 12 fell, 11 traded unchanged and four were untraded.

Epsilon was the best, up 0.2 cents or 12.5 percent to 1.8 cents, with 799,953 shares traded. Original Juice climbed 10 percent; Ecofibre was up 9.1 percent; Sustainable Nutrition was up 8.3 percent; RLF was up 3.1 percent; Elders and Nanollose rose more than two percent; A2, Australian Agricultural, Costa and Wellnex were up one percent or more; with Bega, Clover, Cobram and Pharmaust up by less than one percent.

Avecho led the falls, down 0.05 cents or 11.1 percent to 0.4 cents, with 3.7 million shares traded. Memphasys lost 5.9 percent; Tasfoods fell 4.2 percent; Apiam, Fonterra and Next Science were down more than three percent; Althea and Synlait shed two percent or more; Botanix and Select Harvests were down more than one percent; with Nufarm and Ridley down by less than one percent.

SELECT HARVESTS

Select Harvests says the 2023 almond crop volume is expected to be 17,500 million tonnes (MT), lower than previously forecast and 39.7 percent below 2022's 29,000MT. Select Harvests said climate conditions, including cold and wet weather, had impacted the crop and caused unusual growing patterns and lower yields, consistent with the broader Australian almond industry.

The company said the harvest was 97 percent complete, with weighbridge data received from more than 90 percent of the total crop delivered to the processing facility and 30 percent of its Nonpareil almonds and five percent of the pollinator varieties having been hulled and cracked.

Select Harvests chief executive officer David Surveyor said that "assuming a return to more normal weather conditions we expect yields for the 2024 crop to bounce back to 2021/2022 levels, or better given the maturity profile of our trees".

"We expect the financial impact of the volume downgrade is likely to be partly offset by recent increases in almond prices, from increasing world demand and an expected below average 2023 US crop, however, our focus now is firmly on our 2024 crop and returning to normal yields," Mr Surveyor said.

Select Harvests said early indications forecast the 2024 crop to return to normal yields, with Australia likely to move from a wet La Nina weather pattern to an El Nino pattern, which was typically favorable for growing almonds.

The company said global almond pricing had recently increased due to higher demand and the expectation that the 2023 US crop would be less than average.

Select Harvests said it expected the 2024 crop to deliver improved yields in a favorable pricing and cost environment.

Select Harvests fell six cents or 1.3 percent to \$4.50 with 858,767 shares traded.

AVECHO BIOTECHNOLOGY

Avecho says it has raised about \$2 million of a hoped-for \$11 million in a one-for-one, rights offer at 0.6 cents a share, and it may place the \$9 million shortfall.

Last month, Avecho said it hoped to raise \$11 million in the rights offer, with three attaching options for every two shares bought under the offer, exercisable at 1.2 cents a share within three years (AVW: Apr 6, 2023).

At that time, the company said the funds would be used to progress its phase III trial of its tocopheryl phosphate mixture oral marijuana product for insomnia.

Today, Avecho said the offer was not underwritten so the remaining shortfall of about 1.5 billion shares, or \$9 million, might be placed by the company.

Avecho chief executive officer Dr Paul Gavin said existing shareholders had expressed an "indicative interest" to subscribe for a further \$1 million in the shortfall placement.

Avecho fell 0.05 cents or 11.1 percent to 0.4 cents with 3.7 million shares traded.

ALTHEA GROUP HOLDINGS

Althea says the UK National Health Service has prescribed its marijuana-based CBD10:THC5 for chronic pain in patients not responding to conventional treatment.

Althea said the prescription of the 10mg/ml cannabidiol (CBD) and 5mg/ml tetrahydrocannabinol (THC) was a "significant milestone" since patients did not have to pay for treatments prescribed through the National Health Service.

The company said one in three adults were thought to be impacted by chronic pain.

Althea fell 0.1 cents or two percent to 4.9 cents.

ECOFIBRE

Ecofibre says the US Patent and Trademark Office has allowed patents relating to marijuana use for ovarian cancer, endometriosis and other gynecological disorders. Ecofibre said the first of two patents, titled 'Methods of Treating Ovarian Cancer with Hemp Extract', covered an "intravaginal administration" of cannabis extract in conjunction with up-to 16 chemo-therapeutic agents.

The company said the second patent, titled 'Methods of Treating Endometriosis and Other Non-Cancer Gynecological Disorders with Hemp Extract', covered the therapeutic use of a cannabidiol (CBD) composition for fibroids and dysmenorrhea (period pain).

Ecofibre said it had paid the issue fees for a third patent, titled 'Systems and Methods for Producing Hemp Extracts and Compositions', covering a method for creating a hemp extract from cannabis sativa.

The company said the patents would run for 20 years and related to an ongoing research program with the New South Wales-based University of Newcastle's Global Centre for Gynaecological Diseases.

Ecofibre said the US Patent and Trademark Office was also reviewing two additional patent applications, filed in October 2022.

Ecofibre was up 1.5 cents or 9.1 percent to 18 cents.

BIOGENE TECHNOLOGY

Biogene says the Grains Research and Development Corporation will support the registration and commercialization of Flavocide as a grain protectant in Australia.

Biogene said the Federal Government's Grains Research and Development Corporation (GRDC) invested in research and development to create profitability for Australian grain growers.

The company said the GRDC had signed a letter of support for the development of its pesticide Flavocide in grain storage and encouraged it to "identify and engage with potential partners" for Flavocide's commercialization.

Biogene said the support followed a collaborative research project with the GRDC ending in 2022 that showed Flavocide to be effective against grain storage pests, including lesser grain borer, flour beetle, saw-toothed grain beetle, flat grain beetle and rice weevil for up to 13 months.

The company said results from the project indicated Flavocide's potential compatibility in combination with other compounds.

Biogene said that since the project ended it had focused on meeting regulatory requirements for use in Australia and overseas, including providing data required to support maximum residue level in various grain commodities.

Biogene research and development executive director Peter May said "GRDC's expertise and knowledge of industry practices and requirements will be a tremendous help to Biogene in developing Flavocide for use in this important market."

"GRDC has well established relationships with grain exporters, the agrichemical industry, and the Australian regulatory authorities," Mr May said.

"GRDC is well placed to assist in future development plans to generate the required data for an [Australian Pesticides and Veterinary Medicines Authority] submission including the establishment of maximum residues levels for grain export markets," Mr May said.

Biogene was unchanged at 12.5 cents.

THE ORIGINAL JUICE CO (FORMERLY THE FOOD REVOLUTION GROUP)

Original Juice says it expects to increase its National Australia Bank loans by \$3.5 million, with a \$2.4 million interest only loan and a \$1.1 million asset finance agreement.

In 2021, the then Food Revolution Group, said it had a \$8.1 million in National Australia Bank loans in a five-year agreement with the bank (AVW: Jul 16, 2021).

Today, the company said it expected to extend its agreement with the NAB with an additional \$2.4 million interest-only loan drawdown at a floating interest rate of 8.27 percent, reviewed annually and secured against its assets.

Original juice said a previous \$1.0 million invoice finance facility and a \$600,000 bank guarantee remained in place.

Original Juice said it the agreement also included a \$1.1 million asset finance agreement, with terms yet to be determined.

The company said that the original loan of \$6.5 million was at a balance of \$4.13 million and remained at a fixed interest rate of 4.2 percent.

Original Juice said the funds would be used for domestic and international distribution and to help scale the business.

Original Juice was up one cent or 10 percent to 11 cents.

THE ORIGINAL JUICE CO

Original Juice says Aldi China to sell its orange, apple and mixed green juice variants.

Original Juice said it had distribution agreements with Evergrow and Happy Valley to distribute its one litre orange and apple juice products in China and Malaysia, one under its Australia's Garden range and the other under their Happy Valley brand.

The company said the first shipment of five containers was due to be exported by the end of May 2023 and it expected to export two more containers by the end of July 2023.

Original Juice did not disclose the terms of the agreements.

Original Juice chief executive officer Steven Cail said "the export agreements are the beginning of the next growth strategy within the business plan".

"Our mission is to grow the company profitability, whilst getting as much Australian made beverages into consumers hands worldwide," said Mr Cail.

PHARMAUST

Pharmaust says monepantel "has broad anti-cancer effects across multiple cancer types [including] melanoma, lung, breast, brain, colorectal, prostate and ovarian", in-vitro.

Pharmaust said that research at Melbourne's Olivia Newton John Cancer Research Institute showed that monepantel could "stop the growth of many types of cancer cells" through cell death, apoptosis, or disrupting cell reproductive cycles, and autophagy.

The company said the study, titled 'Induction of endoplasmic reticulum stress in associated with the anti-tumor activity of monepantel across cancer types' was published in the journal Cancer Medicine and the full article was available at:

<https://onlinelibrary.wiley.com/doi/10.1002/cam4.6021>.

The article said that monepantel had anti-proliferative activity on a broad range of cancer cell lines using in-vitro viability assays on more than 20 solid cancer cells and apoptosis assays were performed on a subset of those cells, including three-dimensional cultures.

Pharmaust executive chairman Dr Roger Aston said the analysis "of the mechanisms of action of monepantel in conjunction with its very low toxicity offers a potential new paradigm in the regulation and management of cancer".

Pharmaust was up 0.05 cents or 0.6 percent to 7.95 cents.

PHARMAUST

Pharmaust says an independent study of its monepantel tablets showing it could be stored for 12 months, earning a Fight Motor Neuron Disease milestone of \$118,927.

Pharmaust said the study by Catalent Pharma Solutions found that at a temperature of 25°C with 60 percent humidity, monepantel tablets could be kept for 12 months and remain within the specifications for human clinical trials.

The company said it would receive a further \$138,135 for completing cohort three in its trial of monepantel for motor neuron disease and \$150,143 for cohort four.

EPSILON HEALTHCARE (FORMERLY THE HYDROPONICS COMPANY)

Epsilon says the Australian Office of Drug Control has renewed the medicinal cannabis permit for its subsidiary THC Pharma Pty Ltd.

Epsilon said the Office of Drug Control granted increased manufacturing quantities to meet demand from clients.

Epsilon was up 0.2 cents or 12.5 percent to 1.8 cents.

CRESO PHARMA

Creso 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 that Creso shares rose 50.0 percent from a low of 1.2 cents on May 8 to an intraday high of 1.8 cents on May 9, 2023 and noted a “significant increase” in the volume of shares traded.

Creso said it had announced results from a phase II trial of psilocybin for post-traumatic stress disorder by subsidiary Halucenex Life Sciences and that it had completed the acquisition of Health House International.

Creso was unchanged at two cents with 5.5 million shares traded.

CRESO PHARMA

Creso says its acquisition of Health House International was approved on May 4, 2023 by the second Supreme Court of Western Australia.

Last year, the company said it had a non-binding agreement to acquire the Perth-based medical marijuana distributor Health House for up to \$4,630,388 in shares and options (AVW: Aug 5, 2022).

Last week, Health House said shareholders voted in favor of Creso acquiring the company in a scheme of arrangement (AVW: May 5, 2023).

This week, Creso said the acquisition came into effect on May 5, had a record date of May 9, and an implementation and payment date of May 16, 2023.

Creso managing director William Lay said Creso had “taken another major step forward”.

COSTA GROUP HOLDINGS

Citigroup Global Markets Australia Pty Ltd says it has increased its substantial holding in Costa from 26,610,696 shares (5.7263%) to 31,504,794 shares (6.7795%).

The Sydney and New York-based Citigroup said that on May 3, 2023 it increased its holding by 4,894,098 shares pursuant to contracts entered into in the ordinary course of business, but did not disclose the amount paid for the shares.

Costa was up three cents or 1.2 percent to \$2.55 with one million shares traded.

BUBS AUSTRALIA

Bubs says it has “terminated” chief executive officer Kristy Carr and executive chair Dennis Lin, effective on May 10, 2023.

Bubs said Ms Carr had been terminated “due to [her] failure to comply with reasonable board directions”.

The company said that due to the deterioration in financial performance over the past six months, the directors “considered the time was right for a change in leadership” and would change the governance framework to ensure that it aligned with ASX principles.

Bubs said Richard Paine would act as interim chief executive officer until a permanent replacement was found.

Last month, Bubs said that non-executive director Katrina Rathie had replaced chair Dennis Lin, with Reg Weine appointed a non-executive director (AVW: Apr 14, 2023).

Bubs was unchanged at 19 cents with 4.1 million shares traded.

A2 MILK CO

A2 Milk says Australia and New Zealand general manager Kevin Bush will replace US chief executive officer Blake Waltrip, effective from May 9, 2023.

A2 said Australia chief strategy officer Eleanor Khor would replace Mr Bush and John Roberts would replace Maitland Valley Milk chief executive Bernard May as interim general manager.

The company said the changes were associated with “transforming its supply chain and accelerating the path to profitability for its US and Maitland Valley Milk businesses”.

A2 Milk was up eight cents or 1.5 percent to \$5.38 with 3.5 million shares traded.

BIOGENE TECHNOLOGY

Biogene says Alex Ding and Christopher Ramsay will replace chair Robert Klupacs, and general meeting requisitions have been withdrawn.

On April 24, Biogene said it had received notices issued under sections 203D(2) and 249D of the Corporations Act 2001 from Altor Capital Management and T & L Ainsworth Investments calling for the removal of Mr Klupacs and the appointment of Maja McGuire, Mr Ramsey and Dr Brian Duggan as directors.

On the same day, Biogene said directors James Joughin and Dr Peter Beethan had resigned, with managing-director Richard Jagger giving notice that he wanted “to transition from the full-time [chief executive officer] role to an ongoing consultancy and advisory role once a replacement for him [was] found”.

This week, the company said Mr Klupacs would resign effective on July 31, 2023, “due to significantly increased commitments associated with his other roles”.

Mr Klupacs was previously the chief executive officer of the then Circadian, now Opthea, and was currently the Bionics Institute chief executive officer.

Biogene said that during Mr Klupacs’ time on the board the company had “secured multiple commercial agreements, significantly enhanced its intellectual property and proprietary know-how and... further developed its proprietary technology”.

Biogene chief executive officer Richard Jagger said the company thanked Mr Klupacs “for his dedication to the company over the past eight years”.