

Ag & Vet Weekly



Tuesday June 19 - Friday June 23, 2023

All the news on ASX-listed agriculture and veterinary companies

- * **ASX, AVW-42 DOWN: MEMPHASYS UP 13%;
- SUSTAINABLE NUTRITION DOWN 12.5%**
- * **FEDERAL \$50m FOR WILGA LOW-EMISSIONS, CARBON SEQUESTRATION**
- * **BUBS FORECAST US REVENUE UP-TO \$22m, CHRIS LOTSARIS US G-M**
- * **CANN GROUP \$880k LEVIN HEALTH MARIJUANA DEAL**
- * **ELIXINOL EXTENDS SUSTAINABLE NUTRITION LOAN**
- * **AVECHO: 'TPM-MARIJUANA CAPS 99.5% STABLE AT 2 YEARS'**
- * **BUBS BOARD SPILL EGM**
- * **L1 CAPITAL TAKES 10.9% OF NUFARM**
- * **HOST-PLUS TAKES 5.1% OF NUFARM**
- * **TIGA, THORNEY BELOW 5% IN SUSTAINABLE NUTRITION**
- * **NUFARM APPOINTS FEDERICO TRIPODI, ADRIAN PERCY DIRECTORS**

MARKET REPORT

The Australian stock market fell 1.34 percent on Friday June 23, 2023, with the ASX200 down 96.3 points to 7,099.2 points. Ten of the AVW-42 stocks were up, 18 fell, nine traded unchanged and five were untraded.

Memphasys was the best, up 0.2 cents or 13.3 percent to 1.7 cents, with 856,858 shares traded. Epsilon climbed 11.1 percent; Bubs was up 8.3 percent; Elixinol improved 7.7 percent; Nanollose, Pharmaust and Tasfoods were up more than four percent; RLF was up 3.85 percent; Cobram rose 2.9 percent; with Ridley up by 0.3 percent.

Sustainable Nutrition led the falls, down 0.1 cents or 12.5 percent to 0.7 cents, with 17,258 shares traded. Murray Cod lost eight percent; Cann Group and Ecofibre fell more than four percent; Anatara and Elders were down more than three percent; Select Harvests shed 2.55 percent; A2, Apiam, Biogene, Clean Seas, Costa, Next Science and Synlait were down one percent or more; with Australian Agricultural, Bega, Fonterra and Nufarm down by less than one percent.

FEDERAL GOVERNMENT

The Federal Government says it will support Wilga Farming, an investment vehicle hoping to promote low-emissions technology and carbon sequestration.

A media release from the Minister for Climate Change and Energy Chris Bowen said the Clean Energy Finance Corporation would invest \$50 million, which, in combination with the Montreal, Quebec-based investment group CDPQ, would provide a total of \$200 million in funding.

The Government said Wilga Farming has bought its first asset, The Glen, a 1,200 hectare property near Delungra, New South Wales, where it would consider initiatives to improve farm productivity, including reducing synthetic fertilizer use and improving irrigation, grazing and soil carbon management.

The release said Wilga Farming would be managed by Australian sustainable farmland manager Gunn Agri Partners, with CDPQ and the Clean Energy Finance Corporation having acquired a minority stake in Gunn Agri Partners.

Mr Bowen said agriculture was responsible for more than 15 percent of Australia's greenhouse gas emissions "and by supporting initiatives like this we're investing in solutions to drive up farm productivity and profits and drive down emissions".

BUBS AUSTRALIA

Bubs says it expects US instant formula revenue for the year to June 30, 2023 to be up-to \$22 million and has appointed Chris Lotsaris US general-manager.

Bubs said its US business continued to "build momentum in all go-to-market channels" including its first \$1 million month on the Amazon electronic-commerce platform in May, and a direct-to-consumer net revenue for the year to date of \$1.8 million.

The company said that it expected net US revenue of \$20 million to \$22 million compared to \$8.1 million in the previous year.

Bubs said Mr Lotsaris had been sales director of Bubs Australia from 2018 and previously worked at Mars, Danone and Lactalis.

Bubs said it was also on track to meet all regulatory milestones for permanent access to the US market after its instant formula manufacturing facility was audited by the US Food and Drug Administration, with a compliance report expected in the coming weeks.

Bubs chief executive officer Richard Paine said the company continued "to make steady and pleasing progress against the key regulatory pathway milestones" and that it remained on track to receive permanent access to the US market.

Bubs was up 1.5 cents or 8.3 percent to 19.5 cents with 13.8 million shares traded.

CANN GROUP

Cann Group says it has an \$880,000 agreement with Melbourne's Levin Health Pty Ltd to supply its medical cannabis dried flower and oils from July 1 to December 31, 2023.

Cann Group said it would continue to supply its flower products to Levin, and that discussions were expected to determine order quantities for the first half of 2024.

Cann Group chief executive officer Peter Koetsier said that securing longer-term supply agreements with partners was "a critical component of our company's strategic success".

"Cann recognizes the importance of establishing stable and reliable chains using our ...] compliant cultivation and production facility to meet the evolving demands of our customers," Mr Koetsier said. "Through this, we believe we can enhance our competitive advantage and position ourselves as a trusted and dependable partner".

Cann Group fell half a cent or 4.2 percent to 11.5 cents with 1.05 million shares traded.

ELIXINOL WELLNESS, THE SUSTAINABLE NUTRITION GROUP

Elixinol says it has extended its loan to target the Sustainable Nutrition Group by six months and increased it to \$2.4 million as part of its scheme of arrangement.

Last year, Elixinol said it would acquire the Sustainable Nutrition Group through a scheme of arrangement, valuing its target at about \$4 million (AVW: Dec 2, 2022).

Today, the company said it had increased the amount of the loan by \$400,000 and extended it to cover Sustainable Nutrition's ongoing working capital requirements as the expected merger had been delayed.

Elixinol said Federal Court of Australia had set a first court date for the proposed scheme of June 28, 2023 and a second court date of August 7, 2023.

Elixinol was up 0.1 cents or 7.7 percent to 1.4 cents.

Sustainable Nutrition fell 0.1 cents or 12.5 percent to 0.7 cents.

AVECHO BIOTECHNOLOGY

Avecho says the cannabidiol (CBD) in its tocopheryl phosphate mixture (TPM)-CBD soft gel capsules is 99.5 percent stable two years after manufacture.

Avecho said it could claim a two-year shelf life for its capsules, which was an "essential requirement" for a future Australian Therapeutic Goods Administration and US Food and Drug Administration registration.

Avecho chief executive officer Dr Paul Gavin said that cannabinoids were "not as stable as everyone assumes, especially when they are held to pharmaceutical standards".

"We saw CBD degradation in early prototypes that required further formulation optimization to overcome," Dr Gavin said.

"Passing two year-stability is an important milestone, as it proves the additional formulation work we conducted was successful over the longer time-frame," Dr Gavin said.

"In anticipation of our phase III study testing our CBD soft-gel capsule for the treatment of insomnia, we are now manufacturing product for use in the clinical trial as well as formal registration batches that will be included in future TGA and FDA submissions," Dr Gavin said.

The company said it was preparing a 540-patient, phase III insomnia study for its cannabidiol soft-gel capsules at 75mg and 150mg compared to placebo.

Avecho was unchanged at 0.5 cents with 9.1 million shares traded.

BUBS AUSTRALIA

Bubs says an extraordinary general meeting will vote to replace its board, following a call from former chair Dennis Lin and former chief executive officer Kristy Carr.

Earlier this month, Bubs said that a section 249D of the Corporations Act requisition called for the removal of chair Katrina Rathie and directors Steven Lin, Paul Jensen and Reg Weine, along with the appointment of James Jackson, Peter Nathan and Rupert Soar (AVW: Jun 2, 2023).

This week, the company said the meeting would vote to remove Mr Jensen, Mr Lin, Mr Weine and Ms Rathie, and replace them with Mr Jackson, Mr Nathan and Mr Soar.

Bubs said the board recommended shareholders vote against the proposed resolutions.

The company said the meeting would be held at the Radisson Blu Plaza Hotel, Lower Ground Floor, 27 O'Connell Street, Sydney, on July 27, 2023 at 10am (AEST).

NUFARM

L1 Capital Pty Ltd says it has increased its substantial shareholding in Nufarm from 37,227,481 shares (9.78%) to 41,575,833 shares (10.93%).

The Melbourne-based L1 Capital said it bought shares between May 31 and June 16, 2023, with the largest purchase 2,030,874 shares for \$10,235,402, or \$5.04 a share. Nufarm fell one cent or 0.2 percent to \$5.02 with 709,627 shares traded.

NUFARM

Host-Plus Pty Ltd as trustee for the Hostplus Pooled Superannuation Trust says it has become substantial in Nufarm with 19,480,896 shares, or 5.12 percent.

The Melbourne-based Host-Plus said that between February 9 and June 15, 2023, it bought and sold shares in more than 100 transactions, with the single largest purchase 2,731,543 shares for \$15,398,732, or \$5.64 a share.

THE SUSTAINABLE NUTRITION GROUP

Thorney Investment Group and associated parties say they have ceased their substantial holding in Sustainable Nutrition with the sale of 2,443,750 shares.

The Melbourne-based Thorney Investment Group Australia, Tiga Trading, Jasforce Pty Ltd and Alex Waislitz said that between June 7 and 15, 2023 they sold 2,443,750 shares in three separate transactions for \$21,921, or an average of 0.90 cents a share.

In March, Tiga said it held 8,737,500 shares or 6.21 percent of the company and Ag & Vet Weekly calculates it holds 6,293,750 shares (4.47%).

NUFARM

Nufarm says it has appointed Federico Tripodi and Adrian Percy as independent, non-executive US-based directors, effective from June 19 and July 1, 2023, respectively. Nufarm said Mr Tripodi was currently the chair of the Agricultural Utilization Research Institution and Blacktop Holdings founder and chief executive officer and previously was Calyxt Inc chief executive officer.

The company said Mr Tripodi held a Bachelor of Engineering from the University of Buenos Aires and a Master of Business Administration from Washington University in St Louis.

Nufarm said Mr Percy was currently executive director of NC Plant Sciences Initiative at North Carolina State University and previously was UPL Ltd chief technology officer Bayer's head of research and development.

Nufarm said Mr Percy held a Bachelor of Science from England's University of Liverpool and a Master of Science and Doctor of Philosophy from the University of Birmingham.

The company said the appointments were the final step in a three-year board renewal process, which would conclude with the retirements of directors Peter Margin and Gordon Davis, later this year.