

Ag & Vet Weekly



Monday August 14 - Friday August 18, 2023

All the news on ASX-listed agriculture and veterinary companies

- * **ASX FLAT, AVW-42 DOWN: MGC UP 20%; ECOFIBRE DOWN 12%**
- * **RIDLEY REVENUE UP 20% TO \$1.3b; PROFIT DOWN 1.4% TO \$42m**
- * **MEMPHASYS: VITROLIFE 1st 150 UNIT FELIX IVF ORDER FOR JAPAN**
- * **FARMERS FOR CLIMATE ACTION: RECORD HIGH INSURANCE PREMIUMS**
- * **FONTERRA COMPLETES \$740m CAPITAL RETURN; \$46m BUY-BACK**
- * **GOODBYE SUSTAINABLE NUTRITION**
- * **ANATARA RECEIVES \$923k FEDERAL R&D TAX INCENTIVE**
- * **ECOFIBRE EXTENDS JEFF BRUNER TEXINNOVATE EARN-OUT TERM**
- * **MGC CIMETRA 'NON-TOXIC, IN PIGS'**
- * **VASILIOS VOTSARIS TAKES 11% OF ORIGINAL JUICE**
- * **AGRIFUTURES RURAL WOMEN'S AWARD GALA DINNER**
- * **PHARMAUST REQUESTS 'MND TRIAL DATA' TRADING HALT**

MARKET REPORT

The Australian stock market edged up 0.03 percent on Friday August 18, 2023, with the ASX200 up 2.1 points to 7,148.1 points. Ten of the AVW-42 stocks were up, 15 fell, seven traded unchanged and 10 were untraded.

MGC was the best, up 0.05 cents or 20 percent to 0.3 cents, with 23.2 million shares traded. Memphasys climbed 13.3 percent; Seafarms was up 10 percent; Murray Cod improved 6.1 percent; Bubs was up 5.4 percent; Althea and Clover rose more than two percent; Bega and Clean Seas were up one percent or more; with A2 and Elders up by less than one percent.

Ecofibre led the falls, down 2.5 cents or 11.6 percent to 19 cents, with 52,064 shares traded. Apiam lost 11.1 percent; Rare Foods fell 10.9 percent; Elixinol was down 8.3 percent; Bio-Gene shed 6.3 percent; Botanix was down 5.3 percent; Terragen fell 4.35 percent; Fonterra was down 3.2 percent; Cobram shed 2.7 percent; Next Science was down 1.7 percent; with Australian Agricultural, Costa, Nufarm, Ridley and Synlait down by less than one percent.

RIDLEY CORP

Ridley says revenue for the year to June 30, 2023 was up 20.1 percent to \$1,260,133,000 with net profit after tax down 1.4 percent to \$41,825,000.

Ridley said revenue was primarily from the sales of bulk and packaged livestock feeds, ingredients and animal nutrition products in the poultry, pig, dairy, aqua, beef and sheep-farming sectors as well as pet feed.

Ridley said sales of its ingredient recovery products improved due to higher tallow, oil and meals prices as well as higher volumes, packaged product sales increased by six percent, aquafeed sales "underperformed" and Novaqpro prawn feed delivered its first profit due to lowered production costs and increased sales.

The company said it expected ongoing increased earnings for next year through "further premiumization for the petfood sector in its packaged and ingredients segment and volume increases in the bulk stock-feeds segment".

"Macro-economic conditions are expected to remain challenging, however the business continues to take steps to reduce the adverse impact of inflationary pressures and changes in commodity cycles," Ridley said.

Ridley said it would pay a fully-franked dividend of 4.25 cents a share for holders at the record date of October 5, to be paid on October 26, 2023.

The company said diluted earnings per share slipped 0.8 percent to 12.7 cents, net tangible asset backing per share was up 1.3 percent to 76 cents, and it had cash and cash equivalents of \$43,023,000 at June 30, 2023, compared to \$27,078,000 at June 30, 2022. Ridley fell two cents or 0.9 percent to \$2.13 with 772,563 shares traded.

MEMPHASYS

Memphasys says it has received its first order of 150 Felix sperm separation systems for in-vitro fertilization from distribution partner Vitrolife Japan KK.

Last week, Memphasys said it had appointed the Göteborg, Sweden-based Vitrolife Group AB subsidiary Vitrolife Japan KK to distribute its Felix sperm separation system for in-vitro fertilization in Japan (AVW: Aug 11, 2023).

Today, the company said the initial order of 150 cartridges would be directed to five key opinion leader client clinics in Japan "as the front end of a product marketing campaign" with Vitrolife to provide Felix system training to the clinics and supply ongoing services.

Memphasys said the Felix system was an automated device comprising a console with single-use cartridges for sperm preparation in human in-vitro fertilization procedures.

The company said that the Felix device "gently separates sperm from a semen sample in six minutes, using electrophoresis and size exclusion membranes without causing damage to sperm DNA".

Memphasys said the device was its first commercial product, and that it did not require regulatory clearance to sell it in Japan as it was an early access market.

The company said it was unable to provide Felix under the national insurance system, but could sell freely to clinics offering private services which were the initial targets.

Memphasys said it had sold two systems to a Japanese clinic prior to its agreement with Vitrolife and had a relationship with another clinic which was testing the Felix system.

The company said Vitrolife would use the data from these early clinics as points of reference for other clinics to build endorsement for Felix throughout Japan.

Memphasys said it was "expediting plans to explore the best avenue for participating clinics to obtain full insurance reimbursement for using Felix in their [in-vitro fertilization] procedures".

Memphasys was up 0.2 cents or 13.3 percent to 1.7 cents with 1.1 million shares traded.

FARMERS FOR CLIMATE ACTION

Farmers for Climate Action says an insurance report shows median home insurance up 28 percent in the year to March 31, with flood areas up 50 percent.

Farmers for Climate Action said the research by the Sydney-based Actuaries Institute showed the increase was due to higher building supply costs but also “driven by climate change impacts we’re already seeing”.

The organization said the median home insurance premium was the biggest increase in 20 years.

Farmers for Climate Action said another report by the Sydney-based consumer group Choice showed 87 percent of policyholders in Australia had seen insurance premiums rise and that two in five people reported having their homes impacted by an extreme weather event in the last five years.

FONTERRA SHAREHOLDERS FUND

Fonterra says it completed its scheme of arrangement to return about \$NZ800 million (\$A740 million) to shareholders on August 17, 2023.

In July, Fonterra said investors overwhelmingly approved the scheme of arrangement to return about \$NZ800million of capital to shareholders (AVW: Jul 28, 2023).

Today, the company said payments to shareholders were being processed.

Separately, Fonterra said its buy-back of up-to \$NZ50 million (\$A45.83 million) worth of shares would begin on August 18, 2023 and continue until August 13, 2024.

Last month, Fonterra said it would allocate up-to \$NZ50 million in an on-market share buyback program for about 77 million shares (AVW: Jul 28, 2023).

This week, Fonterra said it was not committing to acquire any shares under the buyback and would “only purchase shares ... where [it] believes the price represents value to the cooperative and is in the best interests of Fonterra and its shareholders”.

The company said that shares brought back would be cancelled on acquisition.

Fonterra fell 10 cents or 3.2 percent to \$3.00.

SUSTAINABLE NUTRITION GROUP

The ASX says the Sustainable Nutrition Group will be removed from the official list at the close of trading today, following its acquisition by Elixinol Wellness.

Last week, Elixinol said the Federal Court of Australia had approved its acquisition of the Sustainable Nutrition Group for about \$4 million in scrip (AVW: Aug 11, 2023).

Sustainable Nutrition last traded at one cent.

ANATARA LIFE SCIENCES

Anatara says it has received \$923,236 from the Australian Taxation Office under the Federal Government Research and Development Tax Incentive program.

Anatara said the incentive related to expenditure on its stage one trial of gastrointestinal reprogramming (Garp) for irritable bowel syndrome for the year to June 30, 2023.

The company said interim safety and efficacy data from the study was expected to be available by October 2023.

Anatara said it was an “imminent and possible highly valuable inflection point for the company ... [and it was] confident that positive results will be of significant commercial interest to potential partners”.

Anatara was unchanged at 3.2 cents.

ECOFIBRE

Ecofibre says it has extended the term of Jeff Bruner's earnout following Texinnovate's purchase of its Hemp Black business from five to seven years.

Ecofibre said that Texinnovate bought Hemp Black on August 24, 2020 for up-to \$US10.6m, payable in three equal tranches on the third, fourth and fifth anniversaries following completion should the business deliver \$US6 million in earnings before interest and tax (Ebit) for two consecutive years within five years.

The company said "given the two-year Covid-19 disruption and the strong pipeline of opportunities now available to the business" it had decided it was in "shareholders' best interest to extend the term of the purchase consideration earnout".

Ecofibre said Mr Bruner was president of Hemp Black and principal shareholder of Texinnovate.

Ecofibre fell 2.5 cents or 11.6 percent to 19 cents.

MGC PHARMACEUTICALS

MGC says its oral Cimetra formulation of Curcumin, or turmeric, and Boswellia, also known as Indian frankincense, is "totally safe" in pigs.

MGC said that a 14-day chronic safety and toxicology study in 32 domestic pigs showed the proposed anti-inflammatory drug was performed by the Ness Ziona, Israel-based Lab Science in Action and was an important step in the investigational new drug (IND) submission for the US Food and Drug Administration, planned for next year.

MGC chief executive officer Roby Zomer said the study was "a key milestone for the business".

MGC was up 0.05 cents or 20 percent to 0.3 cents with 23.2 million shares traded.

ORIGINAL JUICE COMPANY

The Geelong-based Vasilios Votsaris says he has increased his holding in Original Juice from 24,888,756 shares (10.52%) to 27,265,577 shares (11.15%).

Mr Votsaris said that between January 1 and August 7, 2023 he bought and transferred shares but failed to disclose the prices paid as required under the Corporations Act 2001. Original Juice was untraded at 10 cents.

AGRIFUTURES AUSTRALIA

Agrifutures says it will host a 'Rural Women's Award' gala dinner at Parliament House, Canberra on September 12, 2023 at 6.15pm (AEST).

Agrifutures said that the gala was a "celebration of the inclusive and courageous leadership of women involved in Australia's rural and emerging industries, businesses, and communities, culminating in the announcement of the 2023 national winner and runner up".

In May, the organization said that Westpac Bank would provide \$45,5000 through grants of \$1,500 to each of the seven national finalists, \$20,000 to the national winner and \$15,000 for the runner up (AVW: May 26, 2023).

This week, Agrifutures said previous award winner Stephanie Trethewey would host the event with alumni, government officials, industry and private sector representatives and media attending.

To book tickets by August 28, go to: www.bit.ly/458qkgQ.

PHARMAUST

Pharmaust says it has requested a trading halt “pending an announcement of neuro-filament light chain results from the motor neuron disease phase I/II clinical trial”.

Trading will resume August 22, 2023, or on an earlier announcement.

Pharmaust last traded at 7.3 cents.