

Ag & Vet Weekly



Monday March 30 – Friday April 3, 2020

All the news on ASX-listed agriculture and veterinary companies

- * APR 3: ASX, AVW-46 DOWN: SEAFARMS UP 15%; NANOLLOSE DOWN 19%
- * WATTLE HEALTH: MASON'S BLEND & PACK PURCHASE FAILS, AGAIN
- * NANOLLOSE RIGHTS OFFER FOR \$720k
- * TASFOODS WITHDRAWS GUIDANCE, CUTS SOME OPERATIONS
- * WIDE OPEN: 'ONLINE SALES OFFSETS RETAIL LOSS, BOARD PAY CUTS'
- * NUFARM SELLS SOUTH AMERICA BUSINESS TO SUMITOMO
- * PALLA UK BUSINESS OPTION EXPIRES, TALKS CONTINUE
- * PHARMAUST: COVID-19 HALTS 3 DOG TRIAL CITES
- * AUSCANN TO START THC-CBD DOSE STUDY
- * CRESO WINS \$896k UNIVO ISRAEL ORDER FOR CANADIAN MARIJUANA
- * ABUNDANT EGM TO DELIST FROM THE ASX
- * ELIXINOL 'REBRANDS, REFRESHES' PRODUCTS
- * SCHRODER BELOW 5% IN COSTA
- * SCHRODER CEASES IN NUFARM
- * PERPETUAL REDUCES TO 11% OF BEGA
- * GABOR DILUTED TO 22% OF SEAFARMS
- * NOMURA TAKES 8% OF NATIONAL VETERINARY
- * MGC 7th MARIJUANA COVID-19 J-V SUSPENSION EXTENSION
- * ANTONIO MERONI REPLACES ABUNDANT DIRECTOR SEONA WALLACE

MARKET REPORT

The Australian stock market fell 1.68 percent on Friday April 3, with the ASX200 down 86.8 points to 5,067.5 points. Fourteen of the AVW-46 stocks were up, 20 fell, five traded unchanged and seven were untraded.

Seafarms was the best, up 0.5 cents or 15.15 percent to 3.8 cents, with 1.4 million shares traded. Murray Cod climbed 14.3 percent; Anantara was up 6.25 percent; Memphasys rose five percent; Ocean Grown Abalone was up 4.55 percent; Clean Seas, Opyl and Wide Open Agriculture were up more than three percent; Elders, Select Harvests and Tasfoods rose more than two percent; Althea and Tassal climbed more than one percent; with Synlait up 0.3 percent.

Nanollose led the falls, down 0.7 cents or 18.9 percent to three cents, with 146,679 shares traded. Huon and Ridley fell more than nine percent; Food Revolution and Next Science were down more than eight percent; Cann Group lost 7.5 percent; Elixinol and Nufarm were down more than five percent; Creso and Regeneus fell more than four percent; AP Hemp was down 3.9 percent; Auscann, Fonterra and Pharmaust shed more than two percent; Bega, Costa and Palla Pharma were down more than one percent; with A2 Milk, Clover and Ecofibre down by less than one percent.

WATTLE HEALTH AUSTRALIA

At 3.58pm on Friday April 3, Wattle Health told the ASX that its proposal to Mason Dairy to acquire dairy processor Blend and Pack was not accepted.

Wattle Health said that Mason had terminated the previous proposal and had offered a new proposal to complete the acquisition of Blend and Pack (AVW: Mar 13, 2020).

The company said it would "immediately cancel the rights issue" and work with Computershare to refund all applications.

Wattle said it would issue 17,750,302 shares to Mason for the non-refundable deposit.

The company said it was in discussions with an "interested party" for a funding package for the group, with its shares to remain in voluntary suspension while it worked through the details of the package and expected to provide an update by April 7, 2020.

Wattle said it retained a five percent shareholding in Blend and Pack and would continue to manufacture products at the facility.

The company said Mason retained its 75 percent shareholding in Blend and Pack, with 20 percent held by the founders.

Wattle Health Australia was in a suspension and last traded at 53 cents.

NANOLLOSE

Nanollose says it hopes to raise up to \$720,000 through a non-renounceable, two-for-five rights offer at 2.4 cents a share.

Nanollose said the record date would be April 8, the rights offer would open on April 15 and close May 6, 2020.

The company said the funds would be used for its collaboration with Grasim Industries, research and development, intellectual property protection, marketing and working capital. Nanollose said the offer was not underwritten but lead manager Alto Capital had been engaged to place any shortfall.

Nanollose was down 0.7 cents or 18.9 percent to three cents.

TASFOODS

Tasfoods says it has withdrawn its financial guidance due to the Covid-19 outbreak and reduced its operations, despite sales remaining strong.

Tasfoods said sales demand had remained strong across its chicken and dairy businesses, but it had closed its Pyengana Dairy Farm café and reduced sales of wasabi to restaurants.

The company said all its production facilities had enacted safety precautions for the pandemic, including physical distancing measures, increased sanitization, higher levels protective clothing and transitioned non-production staff to work from home.

Tasfoods said its annual general meeting, previously planned to convene on May 28, 2020, would be rescheduled and hosted at an alternative forum.

Tasfoods was up 0.2 cents or 2.35 percent to 8.7 cents.

WIDE OPEN AGRICULTURE

Wide Open Agriculture says it has offset losses from restaurant and café orders due to Covid-19 with increased online sales and its executives have reduced their salaries.

Wide Open said retail orders “declined significantly” and were expected to decline further in the coming months, but that is online sales have increased from 51 orders in February to 388 orders in March, 2020.

The company said it expected revenue for the three months to March 31, 2020 to exceed revenue for the three months to December 31, 2019 and its March 2020 revenue was estimated to be its highest to date.

Wide Open said its board had agreed to a 20 percent salary reduction, with the balance paid in equity in lieu of cash, while chief executive officer Dr Ben Cole voluntarily accepting a 30 percent reduction, taking his annual salary to \$115,500.

The company said supply of its Dirty Clean Food beef and lamb products had been unaffected by the Covid-19 outbreak.

Wide Open Agriculture was up 0.5 cents or 3.7 percent to 14 cents.

NUFARM

Nufarm says it has sold its crop protection and seed treatment businesses in Brazil, Argentina, Colombia and Chile to the Tokyo-based Sumitomo Chemical Company.

Nufarm said sale proceeds had been received, which in March it said amounted to \$1.188 billion (AVW: Mar 6, 2020).

This week Nufarm managing-director Greg Hunt said the sale “significantly strengthens our balance sheet and enables us to focus on improving cash generation across our businesses”.

Nufarm was down 29 cents or 5.8 percent to \$4.73 with 1.7 million shares traded.

PALLA PHARMA

Palla Pharma says it has elected not to exercise an option to acquire an unnamed major UK customer but is still in negotiations and hopeful it will reach an agreement.

Palla said that in February, it entered into an option agreement with a UK customer to acquire its business and the option would expire on March 31, 2020.

The company said it expected negotiations to conclude “imminently”.

Palla Pharma was down one cent or 1.8 percent to 55 cents.

PHARMAUST

Pharmaust says that Covid-19 pandemic has closed new enrolments at three of five sites in its trial of monepantel in dogs with treatment-naïve B-cell lymphoma.

Pharmaust said that enrolments at Sydney's Animal Referral Hospital Homebush, the Sydney University Veterinary Teaching Hospital and Melbourne's U-Vet Werribee had ceased due to Covid-19-related State Government shutdown measures, but currently enrolled dogs at these sites would continue to receive treatment.

The company said the Brisbane-based Animal Referral Hospital and Perth's Western Australian Veterinary Emergency and Specialty would continue enrolment.

Pharmaust said that "a number" of dogs were being treated at different centres and "some" had completed the 28-day course of treatment.

The company previously said the trial would enrol 15 or 20 dogs in the trial.

Pharmaust was down 0.2 cents or 2.9 percent to 6.7 cents.

AUSCANN

Auscann says it hopes to start a 28 subject, phase I study of two dose strengths of its tetrahydrocannabinol (THC) and cannabidiol (CBD) capsules on April 20, 2020.

Auscann said the randomized, open-label, cross-over study would study the pharmacokinetics of two doses of the "balanced THC:CBD formulations" to inform dose selection.

The company said the trial would be held at Melbourne's Nucleus Network and it was committed to starting recruitment on April 20 but would monitor developments around Covid-19 and adjust the study timelines accordingly.

Auscann chief executive officer Ido Kanyon told Biotech Daily that he expected "to have results within the current calendar year, [but] we recognize the impact Covid-19 may have on our plans".

The company said that it had made the dose-controlled hard-shell capsules commercially available for prescription to patients through the Australian Therapeutic Goods Administration's special access scheme and authorized prescribers.

Auscann said it had all appropriate TGA notifications, inventory of the hard-shell capsules was shipped to distribution partner CH2 and it was authorized for distribution in Australia.

Auscann fell half a cent or 2.6 percent to 19 cents with 1.7 million shares traded.

CRESO PHARMA

Creso says its subsidiary Mernova Medicinal has received a \$C775,000 (\$A896,191) order to ship two strains of its Canadian marijuana to Israel's Univo Pharmaceuticals.

Creso said half would be paid within 10 business days of signing the order and half would be paid following delivery, which was expected within one month, subject to an export permit by Health Canada.

Creso was down 0.3 cents or 4.9 percent to 5.8 cents.

ABUNDANT PRODUCE

Abundant says its shareholders will vote on a single resolution to delist from the ASX.

Abundant previously said it would consider delisting, in part because of poor valuations and a lack of liquidity in its shares.

The meeting will be held at Unit 23, 376-380 Eastern Valley Way, Chatswood, New South Wales on May 5, 2020 at 11am (AEDT).

Abundant was untraded at two cents.

ELIXINOL GLOBAL

Elixinol says it will “rebrand and ... refresh” its products to “build on its existing customer trust and knowledge about hemp derived [cannabidiol]”.

Elixinol said it had launched “eight new high quality [stock keeping units],” or scannable barcodes, on its website and in 2,600 location in the US as a “rededication to the customer-oriented principles and research-backed approach the brand as always had”.

Elixinol was down 1.5 cents or 5.2 percent to 27.5 cents.

COSTA GROUP HOLDINGS

Sydney’s Schroder Investment Management Australia says it has ceased its substantial shareholding on Costa.

Schroder said that between October 16, 2019 and March 27, 2020 it bought, sold, and transferred in shares, selling 14,832,157 shares for \$39,569,794 or an average of \$2.67 a share.

Last year, Schroder became substantial in Costa with 18,282,615 shares or 5.7 percent of the company (AVW: Oct 18, 2019)

Based on Costa’s most recent Appendix 2A application for quotation of securities, Ag & Vet Weekly calculates that Schroder retains 7,768,895 shares or 1.9 percent of Costa.

Costa was down three cents or 1.1 percent to \$2.78 with 3.1 million shares traded.

NUFARM

Schroder Investment Management says it has ceased to be a substantial shareholder in Nufarm.

In December, the Sydney-based Schroder said that it had become substantial with 19,913,404 shares or 5.25 percent (AVW: Jan 20, 2020).

Today, Schroder said that between December 28, 2019 and March 31, 2020 it bought 2,482,848 shares for \$12,348,638 or \$4.97 a share and sold 6,430,631 shares for \$30,553,352 or \$4.75 a share.

Ag & Vet Weekly calculates that Schroder retains 15,965,621 shares or 4.20 percent of the company.

BEGA CHEESE

Perpetual says it has reduced its substantial shareholding in Bega from 26,022,505 shares (12.15%) to 23,786,846 shares (11.10%).

The Sydney-based Perpetual said that between March 19 and 27, 2020 it sold 2,235,659 shares for prices ranging from \$4.13 to \$4.32 a share.

Bega was down eight cents or 1.7 percent to \$4.62 with 728,199 shares traded.

SEAFARMS

The Perth-based Gabor Holdings says its 487,891,222 share-holding in Seafarms has been diluted from 24.33 percent to 21.84 percent.

Last week, Seafarms raised \$12.5 million through a placement at three cents a share (AVW: Mar 27, 2020).

In September last year, Seafarms said Gabor acquired its shares as part of the \$20 million placement and \$4.4 million share plan at nine cents a share (AVW: Sep 6, 2019).

Seafarms was up 0.5 cents or 15.15 percent to 3.8 cents with 1.4 million shares traded.

NATIONAL VETERINARY CARE

Nomura Holdings Inc and related companies say they have become substantial in National Veterinary with 5,357,444 shares or 7.97 percent of the company.

Tokyo's Nomura said it bought and sold shares between December 17, 2019 and March 25, 2020 with the single largest purchase on March 25 of 2,000,000 shares for \$7,347,340 or \$3.67 a share.

Previously, National Veterinary said Vetpartners would acquire the company through a scheme of arrangement for \$3.70 a share in cash or \$250 million, and the scheme was approved by shareholders (AVW: Dec 20, 2019, Mar 20, 2020).

Last week, on March 25, National Veterinary said it had been suspended from the ASX following the Supreme Court of Queensland approval of the Vetpartners acquisition, and that shareholders on the April 1, 2020 record date would receive \$3.70 for each of their shares (AVW: Mar 27, 2020).

National Veterinary last traded at \$3.67.

MGC (MEDICAL GRADE PHARMACEUTICALS) PHARMACEUTICALS

MGC has requested a seventh extension to its voluntary suspension following the trading halt requested on March 19, 2020 for a Covid-19-related joint venture.

On March 19, MGC requested a trading halt pending an announcement on "a material agreement regarding a strategic joint venture with a Swiss company in relation to Covid-19" (AVW: Mar 20, 2020).

Last week, the company requested its first voluntary suspension, followed by almost daily extensions to the suspension (AVW: Mar 27, 2020).

MGC said it expected the suspension to last until April 8, 2020.

MGC last traded at 1.7 cents.

ABUNDANT PRODUCE

Abundant says it has appointed Antonio Meroni as a director, effective March 27, and on Saturday March 28 said that director Seona Wallace would resign on March 31, 2020.

Abundant said that Mr Meroni was the Pengana Asia Special Events Fund chief investment officer and fund manager and had more than 28 years' experience in financial markets including 15 years' experience in Asian equities and convertible bond markets. The company said that Mr Meroni had worked in Singapore, Tokyo, Zurich, Milan and London.

Abundant said that Mr Meroni held a Bachelor of Business from KV Zurich Business School.