

# Ag & Vet Weekly



Monday March 23 – Friday March 27, 2020

*All the news on ASX-listed agriculture and veterinary companies*

- \* MAR 27: ASX DOWN, AVW-46 EVEN: OPYL UP 25%; SEAFARMS DOWN 18%
- \* NUFARM H1 REVENUE DOWN 12% TO \$901m, LOSS UP 203% TO \$160m
- \* CLOVER H1 REVENUE UP 10% TO \$38m, PROFIT UP 3% TO \$4.6m
- \* SEAFOOD INDUSTRY: 'GOVERNMENTS SHOULD WAIVE FEES AND LEVIES'
- \* SEAFARMS PLACEMENT RAISES \$12.5m
- \* TERRAGEN, NUTRIEN MYLO DISTRIBUTION DEAL
- \* REGENEUS: US PROGENZA PATENT, 'COVID-19 LINK'
- \* VETPARTNERS TAKES NATIONAL VETERINARY; COVID-19 WARNING
- \* AUSCANN RECEIVES \$1.2m FEDERAL R&D TAX INCENTIVE
- \* ROOTS TO ISSUES EVERBLU 4m CDIS
- \* CRESO CANNAQIX MARIJUANA INSTANT TEA LAUNCH;
- \* CRESO DELIVERS 1<sup>st</sup> CANNAQIX SHIPMENT TO SOUTH AFRICA
- \* AVECHO DEFERS AGM; ASIC COVID-19 ADVICE
- \* A2 MILK TAKES 19.8% IN SYNLAIT
- \* MITSUBISHI, FIRST SENTIER REDUCE TO 7.5% OF A2 MILK
- \* PERPETUAL REDUCES TO 10% OF ELDERS
- \* YARRA FUNDS REDUCES TO 7% OF ELDERS
- \* LAZZARD ASSET MANAGEMENT TAKES 7% OF COSTA
- \* LAKEVILLE CAPITAL TAKES 7.6% OF NATIONAL VETERINARY
- \* PARADICE INVESTMENT TAKES 9% OF SELECT HARVESTS
- \* MGC 4<sup>th</sup> DAILY MARIJUANA COVID-19 J-V SUSPENSION EXTENSION
- \* ALTHEA EXTENDS VOLUNTARY ESCROW OF 10m SHARES

## MARKET REPORT

The Australian stock market fell 5.3 percent on Friday March 27, with the ASX200 down 270.9 points to 4842.4 points.

Eighteen of the AVW-46 stocks were up, 18 fell, four traded unchanged and six were untraded.

Opyl was the best, up one cent or 25 percent to five cents, with 9,400 shares traded. Elixinol and Ocean Grown Abalone climbed more than 13 percent; Roots was up 11.1 percent; Ecofibre rose 10.5 percent; Nanollose was up 8.6 percent; Regeneus, Synlait and Terragen increased six percent or more; THC was up 5.1 percent; Clean Seas climbed 4.4 percent; Auscann and Clover were up more than three percent; Althea rose 2.4 percent; Food Revolution was up 1.4 percent; with Bega, Palla Pharma and Select Harvests up by less than one percent.

Seafarms led the falls, down 0.7 cents or 18.4 percent to 3.1 cents, with 2.2 million shares traded. Anantara lost 11.8 percent; Cannpal, Pharmaust and Ridley fell seven percent or more; Tassal was down 6.3 percent; Apiam fell five percent; Costa and Nufarm were down more than four percent; Creso lost 3.3 percent; AP Hemp, Cann Group and Memphasys shed two percent or more; Elders and Huon were down more than one percent; with A2 Milk, Bubs and Next Science down by less than one percent.

## NUFARM

Nufarm says revenue for the six months to January 31, 2020 was down 12.0 percent to \$901,155,000 with net loss after tax up 202.5 percent to \$159,524,000.

Nufarm said crop protection revenue was down 11.8 percent to \$854,405,000, including \$170,174,000 from Australia and New Zealand, \$72,721,000 from Asia, \$227,021,000 from Europe and \$384,489,000 from North America, while seed technologies revenue was down 15.1 percent to \$46,750,000.

The company said diluted loss per share was up 535.2 percent to 34.3 cents and net tangible asset backing per share was up 23.8 percent to \$1.77.

Nufarm said it had cash and cash equivalents of \$316,727,000 at January 31, 2020 compared to \$505,687,000 at January 31, 2019.

Nufarm was down 20 cents or 4.1 percent to \$4.67 with 1.6 million shares traded.

## CLOVER CORPORATION

Clover says revenue for the six months to January 31, 2020 was up 9.8 percent to \$37,621,000 with net profit after tax up 3.4 percent to \$4,634,000.

Clover said revenue from its infant formula ingredients included \$21,237,000 from Australia and New Zealand, \$10,147,000 from Asia, \$3,981,000 from Europe and \$2,256,000 from the Americas.

The company said net tangible asset backing per share was up 28.0 percent to 29.56 cents, diluted earnings per share was up 2.6 percent to 2.78 cents and it had cash and cash equivalents of negative \$89,000 at January 31, 2020 compared to \$6,170,000 at January 31, 2019.

Clover climbed 5.5 cents or 3.4 percent to \$1.68 with 1.5 million shares traded.

## SEAFOOD INDUSTRY AUSTRALIA

Seafood Industry Australia says it has called for government assistance to keep the industry afloat.

Seafood Industry Australia chief executive officer Jane Lovell said the industry association takes its "responsibility to provide more than one billion meals every year seriously, particularly at times like these, and we need government assistance to keep fish on the table".

"Since mid-January SIA has been working hard with all levels of government to ensure our industry receives the support it needs," Ms Lovell said.

"We've asked all governments across Australia to help us through the next six to 12 months by removing all fees and charges across all of agriculture - not just the seafood industry," Ms Lovell said.

The association said that the Australian Fisheries Management Authority (AFMA) would allow the deferral of levies due to the impacts of the COVID-19 pandemic on the industry. SIA said that to apply go to: <https://bit.ly/39jHWZu> and return the application to: [levies@afma.gov.au](mailto:levies@afma.gov.au) by March 31, 2020.

The association said that individual fishers could have fees into the tens of thousands of dollars including AFMA levies, Australian Maritime Safety Authority levies, State and Territory fees and levies, licence fees, quotas and vessel surveys.

"As an example, a blue swimmer crab fishing business in South Australia pays about \$150,000 in licencing fees per year, including survey fees, of \$3,000 to \$5,000 per boat, along with moorings and harbor fees of \$10,000 a year," Seafood Industry Australia told Ag & Vet Weekly.

"South Australia fishing paid Primary Industry Regions South Australia about \$14 million per year for management," the association said.

Ms Lovell said "we need to secure Australia's agriculture industry now, so we're here to continue operating on the other side of this."

"Globally, some markets are beginning to reopen and we need the certainty of freight to be able to access them," Ms Lovell said.

"Getting back to work is the best sort of stimulus, it's good for morale and it shows we understand our role in meeting the global food task," she said.

Ms Lovell said that Seafood Industry Australia was working with the Seafood Trade Advisory Group, industry associations, seafood businesses across Australia and the Federal Government on ways to provide some certainty of supply.

"We are also extending calls for calm among panic buyers," Ms Lovell said.

"Our fishing vessels need to be restocked so they can go fishing, and this means we need more than two bags of frozen vegetables and two packets of pasta, and they certainly need some toilet paper," she said.

"Some of our larger vessels have arrangements in place, but the rest of the industry shops at their local supermarket, just like you and me," Ms Lovell said.

"We need to find a way for our bona fide primary producers to access the supplies they need, so our fishers can continue harvesting and growing the food we all need," Ms Lovell said.

"The Australian seafood industry plays a critical role in the global food task, and we want to get back to work," Ms Lovell said.

"We are confident we can continue to work with our governments on the logistics of the various lockdowns, and that the food supply chain will be recognized as an essential service," Ms Lovell said.

### SEAFARMS GROUP

Seafarms says it has raised about \$12.5 million through a placement at three cents a share to sophisticated and professional investors.

Seafarms said the funds would be used to counter the economic effects of the coronavirus pandemic and would go to prawn projects including Project Sea Dragon, expansion of its Exmouth founder stock centre and its Bynoe Harbour brood-stock maturation centre.

The company said the placement was at a 21.05 percent discount to the closing price on March 20, and Avatar Industries, controlled by Seafarms chair Ian Trahar had subscribed for \$5,639,400 worth of shares, pending shareholder approval.

Seafarms was down 0.7 cents or 18.4 percent to 3.1 cents with 2.2 million shares traded.

### TERRAGEN HOLDINGS

Terragen says the Saskatoon, Saskatchewan-owned Nutrien Ag Solutions will distribute its Mylo liquid microbial livestock feed supplement for cows in Australia.

Terragen said that Nutrien was formerly Landmark and Ruralco and delivered products and services to Australian farmers.

Terragen managing-director Justus Homburg said expanding the retail network, which had 16 national, regional and local partners, was expected to “increase significantly the number of farmers who have access to our Mylo product”.

Terragen did not provide financial details of the agreement.

Terragen was up one cent or 6.7 percent to 16 cents.

### REGENEUS

Regeneus says the US Patent and Trademark Office has allowed a patent covering its Progenza stem cell technology for inflammatory conditions including respiratory disease.

Regeneus said that inflammatory conditions included “acute respiratory distress syndrome, which has been linked to Covid-19”.

The company said the patent, titled ‘Therapeutics using adipose cells and cell secretions’ covered the treatment of inflammatory conditions with the combination of stem cells and secretions and would provide protection until 2032.

Regeneus was up 0.4 cents or 6.1 percent to seven cents.

### NATIONAL VETERINARY CARE

National Veterinary says the Supreme Court of Queensland has approval its scheme of arrangement to be bought by Vetpartners and it has been suspended from the ASX.

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

National Veterinary said shareholders on the April 1, 2020 record date would receive \$3.70 for each of their shares, to be paid on the expected April 8 implementation date.

The company said it had lodged a copy of the Supreme Court orders with the Australian Securities and Investments Commission.

In a separate announcement, National Veterinary said that due to the Covid-19, some of its New Zealand clinics had been classified essential services and would continue to operate at reduced capacity for emergency services only, while all of its Australian clinics would continue to operate as normal until the governmental escalated its requirements.

National Veterinary last traded at \$3.67.

### AUSCANN GROUP HOLDINGS

Auscann says it has received \$1,207,175 from the Australian Tax Office under the Federal Government Research and Development Tax Incentive program.

Auscann said the rebate related to research and development expenditure for its cannabinoid-based hard-shell capsules in the year to June 30, 2019.

Auscann was up 0.5 cents or 3.2 percent or 16 cents with 1.2 million shares traded.

### ROOTS SUSTAINABLE AGRICULTURAL TECHNOLOGIES

Roots says it will seek shareholder approval to issue Everblu Capital 4,000,000 Chess depositary interests (CDIs) for capital raising services at its annual general meeting.

Last month, Roots said Everblu would receive six percent of the total funds raised from a \$500,000 placement of CDIs to sophisticated and professional investors (AVW: Feb 7, 2020).

The company said the annual general meeting would be held by May 29, 2020.

Roots director Adam Blumenthal is a principal in Everblu.

Roots was up 0.1 cents or 11.1 percent to one cent with 3.1 million shares traded.

### CRESO PHARMA

Creso Pharma says it will add cannabidiol-based hemp tea to its marijuana-based Cannaqix product line for stress and mental functions by October 2020.

Creso said the Cannaqix cannabidiol (CBD) micro-granulated instant hemp tea was developed with the Lengnau, Switzerland-based Domaco Pharma and was designed to support the immune system

The company said the hemp tea was offered in two formulations: Cannaqix CBD instant hemp tea "to support the immune system and manage stress"; and Cannaqix Nite CBD instant hemp tea "to strengthen the immune system and support better sleep".

Creso chief executive officer Dr Miri Halperin Wernli said there was "an increasing demand for easy-to-use natural products to help strengthen the immune system, particularly given the challenging healthcare times we are facing".

Creso was down 0.2 cents or 3.3 percent to 5.8 cents with 1.05 million shares traded.

### CRESO PHARMA

Creso says the first product order of its marijuana food additive Cannaqix has been delivered to the Capetown, South Africa-based Pharma Dynamics.

Creso said Pharma Dynamics would launch the product under the brand name Cannamics by July 2020.

### AVECHO BIOTECHNOLOGY (FORMERLY PHOSPHAGENICS)

Avecho says it has deferred its May 14, 2020 annual general meeting until the end of July following advice from the Australian Securities and Investments Commission (ASIC).

Avecho said that ASIC had cautioned against holding annual general meetings whilst current Covid-19 restrictions on large gatherings were in place.

The company said it would defer the closing date for receipt of director nominations.

Avecho was untraded at 0.2 cents.

### A2 MILK, SYNLAIT MILK

A2 Milk says it has increased its substantial holding in Synlait from 31,174,646 shares (17.39%) to 35,574,646 shares (19.84%).

A2 said that on March 23, 2020 it bought 4,400,000 shares for \$21,780,000 or \$4.95 a share.

A2 chief executive officer Geoffrey Babidge said that “following the recent decline in Synlait’s share price, we viewed this as an opportunity to complete our strategic holding”. “Our shareholding reflects the importance to us of our commercial supply arrangements with Synlait,” said Mr Babidge.

The company said it had no plans to increase its shareholding in Synlait beyond 19.9 percent.

A2 Milk was down 13 cents or 0.8 percent to \$15.87 with 4.4 million shares traded.

Synlait was up 36 cents or 6.8 percent to \$5.64 with 304,893 shares traded.

### A2 MILK

Mitsubishi UFJ Financial Group and First Sentier Investors say they have reduced their holding in A2 Milk from 65,959,081 shares (8.963%) to 54,906,724 shares (7.453%).

The Tokyo-based Mitsubishi and Sydney’s First Sentier said that between February 26 and March 18, 2020 they bought and sold shares with the single largest sale on March 17 of 1,103,239 shares for \$16,513,171 or \$15 a share and the single largest purchase on March 10 of 146,636 shares for \$2,267,154 or \$15.5 a share.

### ELDERS

Perpetual says it has reduced its substantial shareholding in Elders from 16,642,473 shares (10.69%) to 15,039,669 shares (9.66%).

The Sydney-based Perpetual said that it bought and sold shares between March 10 and 23, 2020 for prices ranging between \$7.19 and \$8.72 a share, with the single largest sale 346,723 shares on March 17 for \$2,725,069 or \$7.86 a share.

Elders fell 14 cents or 1.9 percent to \$7.34 with 1.5 million shares traded.

### ELDERS

Yarra Funds Management says it has reduced its substantial shareholding in Elders from 11,942,026 shares (8.43%) to 11,208,792 shares (7.20%).

The Melbourne-based Yarra Funds said that between August 17, 2019 and March 24, 2020, it bought 3,208,143 shares for \$22,344,151.61, or \$6.94 a share, and sold 4,365,024 shares for \$31,225,866.41, or \$7.15 a share.

### COSTA GROUP HOLDINGS

Sydney’s Lazard Asset Management Pacific Co says it has increased its substantial shareholding in Costa from 24,639,192 shares (6.15%) to 28,805,701 shares (7.19%).

Lazard said that between March 3 and March 24, 2020 it bought and sold shares, with the single largest purchase on March 24 of 5,468,932 shares for \$14,175,618 or \$2.59 a share.

Costa was down 12 cents or 4.3 percent to \$2.68 with 2.8 million shares traded.



### NATIONAL VETERINARY CARE

Lakeville Capital Management says it has increased its substantial shareholding in National Veterinary from 4,434,693 shares (6.59%) to 5,117,172 shares (7.61%). The Hong Kong-based Lakeville said that bought and sold shares between March 2 and 20, 2020 with the single largest purchase of 255,433 shares for \$935,743 or \$3.66 a share.

### SELECT HARVESTS

Paradise Investment Management says it has increased its substantial shareholding in Select Harvests from 8,046,843 shares (8.367%) to 9,041,243 shares (9.400%). The Sydney-based Paradise said that between March 2 and 23, 2020 it acquired 995,814 shares for \$6,531,602.40 or \$6.56 a share and on March 6, sold 1,414 shares for \$9,003.22 or \$6.37 a share. Select Harvests was up three cents or 0.4 percent to \$7.05 with 448,290 shares traded.

### MGC (MEDICAL GRADE PHARMACEUTICALS) PHARMACEUTICALS

MGC has requested a fourth 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).

On Monday March 23, the company requested a voluntary suspension, followed by daily extensions to the suspension.

Today, MGC said it expected the suspension to last until March 31, 2020.

MGC last traded at 1.7 cents.

### ALTHEA GROUP HOLDINGS

Althea says it will extend the voluntary escrow period of the Melbourne-based Mancann Pty Ltd's 10,000,000 shares from March 23 to September 21, 2020.

Althea said the extension was granted in an agreement between Mancann and the company's initial public offering lead manager, Sydney's PAC Partners.

Althea was up half a cent or 2.4 percent to 21 cents with 2.0 million shares traded.