

# Ag & Vet Weekly



Monday August 10 – Friday August 14, 2020

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

- \* **AUGUST 14: ASX, AVW-44 UP: CANNPAL UP 14%; REGENEUS DOWN 3.5%**
- \* **REGENEUS: KYOCERA \$26m PROGENZA KNEE OSTEOARTHRITIS DEAL**
- \* **WIDE OPEN SUPPLIES CSIRO 200kg LUPIN FOR PLANT-BASED PROTEIN**
- \* **FARMERS FOR CLIMATE ACTION FELLOWSHIP APPLICATIONS OPEN**
- \* **ANATARA, UNI OF NEW ENGLAND WORK ON POULTRY ENTERITIS**
- \* **RIDLEY'S NOVACQ, MOOLAP \$22.9m IMPAIRMENTS**
- \* **ROOTS: TALGIL TO IMPROVE ROOT ZONE CONTROL SYSTEM**
- \* **CRESO: DHS PORTUGAL, SPAIN MARIJUANA DISTRIBUTOR**
- \* **MGC APPOINTS LYPHE UK MARIJUANA DISTRIBUTOR; ORDER**
- \* **ELLERSTON REDUCES TO 6.4% OF NUFARM**
- \* **LAZARD REDUCES TO 5.45% OF COSTA**
- \* **TERRAGEN TO RELEASE 1m ASX ESCROW SHARES**
- \* **A2 MILK APPOINTS DAVID BORTOLUSSI M-D, CEO**
- \* **ALL CHANGE AT CRESO**

## MARKET REPORT

The Australian stock market was up 0.6 percent on Friday August 14, 2020, with the ASX200 up 35.2 points to 6,126.6 points. Twenty-four of the AVW-44 stocks were up, six fell, 12 traded unchanged and two were untraded.

Cannpal was the best, up 1.5 cents or 13.6 percent to 12.5 cents, with 61,812 shares traded. Wide Open Agriculture rose 12.4 percent; Memphasys was up 10.7 percent; Pharmaust climbed 8.3 percent; Seafarms improved 6.1 percent; Apiam, Ocean Grown and Roots rose five percent or more; MGC was up 4.2 percent; Murray Cod, Next Science and Opyl climbed more than three percent; Cann Group, Clover, Nanollose, Palla Pharma and THC were up two percent or more; Costa rose 1.7 percent; with A2 Milk, Bega, Bubs, Elders, Fonterra and Synlait up by less than one percent.

Regeneus led the falls, down 0.5 cents or 3.45 percent to 14.0 cents, with 928,744 shares traded. Tasfoods and Terragen lost two percent or more; Ecofibre and Tassal shed more than one percent; with Nufarm down by 0.5 percent.

## REGENEUS

Regeneus says it has a \$26.4 million licence and collaboration agreement with Tokyo's Kyocera Corp for its stem cell platform Progenza OA for knee osteoarthritis.

In March, Regeneus said Kyocera would pay \$1.4 million for exclusive negotiation rights of Progenza for knee osteoarthritis (BD: Mar 2, 2020).

In May, the company said Kyocera had completed due diligence on Progenza OA for knee osteoarthritis and had until the end of July 2020 to negotiate a commercial licence for Progenza in Japan (BD: May 18, 2020).

Today, Regeneus said it would receive \$US19 million (\$A26.4 million) in upfront, development and regulatory milestones payments, including \$US9 million upfront and \$US10 million in regulatory and development milestones, and would receive additional single to high double-digit royalties on product sales in Japan.

Regeneus said that under the agreement, Kyocera would fund manufacturing, development and commercialization costs and would have the right of first refusal for other indications, including outside of Japan.

The company said the agreement included technology transfer and joint research on Progenza in Japan and the company would retain rights to negotiate licences with other parties for other indications inside and outside of Japan.

Regeneus chief executive officer Leo Lee said the Kyocera agreement was "an exciting development for Regeneus and is an endorsement of our Progenza platform technology". "It provides a clear commercialization pathway for Progenza and is a significant market given osteoarthritis potentially affects more than 25.6 million people in Japan alone," Mr Lee said.

Regeneus fell 0.5 cents or 3.45 percent to 14 cents.

## WIDE OPEN AGRICULTURE

Wide Open says it will supply 200kg of lupin to the Commonwealth Scientific and Industrial Research Organisation for its plant-based protein project.

In May and June, Wide Open said it had contracted the CSIRO to help produce a plant-based meat substitute, using technology licenced from Curtin University to develop a lupin protein for human consumption in meat, milk, egg and gluten-free substitute products (AVW: May 22, Jun 19, 2020)

Today, the company said that preparation of an initial 200kg of lupin from a Western Australian farmer was underway and it had engaged multiple lupin growers to identify supply options to meet potential future demand.

Wide Open said the CSIRO would produce a food-grade, commercial quantity of lupin protein isolate for testing and to develop the plant-based products.

The company said Curtin University had begun laboratory work to optimize industrial grade food processing at the CSIRO and would incorporate results into an upcoming pilot production trial in September 2020.

Wide Open said it had engaged Process Partners Pty Ltd to assist with key data collection and analysis during the trial and to conduct a scoping study with estimates on capital expenditure and operating expenses for future commercialization.

Wide Open managing director Dr Ben Cole said the "goal of bringing a regenerative, lupin-based protein to the multi-billion-dollar market is developing at a rapid pace".

"We have identified a multi-skilled team that offers ... expertise to accelerate this exciting technology from the laboratory, into pilot-scale production and into the commercial realm," Dr Cole said.

Wide Open was up 10.5 cents or 12.4 percent to 95 cents with 2.8 million shares traded.

## FARMERS FOR CLIMATE ACTION

Farmers for Climate Action says that applications have opened for the William Buckland Foundation-funded Victorian Climate-Smart Agriculture Fellowship.

Farmers for Climate Action chief executive officer Wendy Cohen told AG & Vet Weekly that the Buckland Foundation had provided \$180,000 over two years and the organization had investments from other partners for the development of resources and the curriculum. Ms Cohen said her group was working with Canberra's Australian National University Climate Change Institute director Prof Mark Howden and the University of Melbourne Department of Veterinary and Agricultural Sciences Prof Richard Eckard in developing the courses.

Ms Cohen said that the Canberra-based Land To Market Australia was assisting in the delivery of ecological outcomes verification.

She said that last year, the Fellowship had support from the Victoria Government and Melbourne law firm Minter Ellison.

In a media release, Farmers for Climate Action said that the Fellowship was aimed at "current and emerging industry leaders who are committed to the sustainability of the agricultural sector".

The organization said that the Fellowship was "designed to build capacity to manage climate risk, while supporting business and industry resilience".

Farmers for Climate Action said it was "looking for people with the potential to change the game, shape opinion and policy and help agriculture and rural communities manage climate risks and prosper in a low-carbon world".

The organization said that 20 applicants would receive training, as well as ongoing support and encouragement, to promote climate-smart agriculture.

Farmers for Climate Action said the fellowship was in its third year, having trained 40 emerging leaders across Victoria.

The organization said that the 2020 fellowship would take place through a mix of online and offline meetings between September 2020 and March 2021, including a mentoring program to support the adoption of climate smart practices and a two-day conference in March 2021.

Farmers for Climate Action said applications close on August 31 and to apply go to:

<https://farmersforclimateaction.org.au/portfolio/victorian-climate-smart-fellowship/>.

More information is available by emailing [info@farmersforclimateaction.org.au](mailto:info@farmersforclimateaction.org.au) or telephoning 1800 491 633.

## ANATARA LIFESCIENCES

Anatara says it has an agreement with the University of New England for a study of its bromelain-based formulation ANR-pf for sub-clinical and necrotic enteritis in poultry.

Anatara said necrotic enteritis was caused by the bacterium *Clostridium perfringens*, and caused lesions in the intestine, and could lead to flock mortality of one percent per day.

The company said that the true cost was not from deaths but those chickens that survived sub-clinical necrotic enteritis, causing illnesses in humans and estimated to cost the poultry industry \$US6 billion in 2015.

The company said it expected to complete the study by January 31, 2021.

Anatara chief executive officer Steve Lydeamore said the company had engaged with the University's Poultry Hub Australia to conduct trials at the University of New England.

"Our objectives are aligned to help Australia achieve sustainable, ethical poultry production," Mr Lydeamore said.

Anatara was unchanged at 13.5 cents.

### RIDLEY CORPORATION

Ridley says it will raise a non-cash impairment of \$21.6 million for its Novacq prawn feed and impair its \$1.3 million Moolap property for the year to June 30, 2020.

Ridley said despite the demonstrated efficacy and commercial sales of Novacq prawn production, “delays in the development and installation of processing technology have hindered the scale-up of production and restricted sales volumes and earnings”.

The company said the non-cash impairment of its Novacq cash generating unit would appear in the financial results for the year to June 30, 2020.

Ridley said that its Geelong, Victoria-based investment property at Moolap, previously valued at \$1,265,000, would be fully impaired at June 30, 2020 and the impairments were “non-cash in nature and do not impact the outlook for the business as a whole”.

The company said there was “no impact on bank covenant compliance through the granting of appropriate relief by our bankers in this year of significant restructure and repositioning for Ridley”.

Ridley was unchanged at 71.5 cents.

### ROOTS SUSTAINABLE AGRICULTURAL TECHNOLOGIES

Roots says it will work with Israel's global irrigation control system manufacturer Talgil to increase its root zone temperature optimization system's reputability and redundancy.

Roots said the root zone system was now integrated with Talgil's internet enabled, medium to large scale, professional irrigation controller, SAPIR2.

The company said it would also have access to Talgil's dealer network.

Roots was up 0.1 cents or 5.3 percent to two cents with 1.7 million shares traded.

### CRESO PHARMA

Creso says it has a commercial agreement with DHS Business Portugal to distribute its marijuana products in Portugal and Spain.

Creso said it would pay DHS Business an “industry standard” commission on sales of products, initially focussing on Cannadol 0.5 percent and 1.0 percent cannabidiol topical gels to improve mobility for athletes and for patients with rheumatoid arthritis and arthrosis, and consider product sales of Cannqix oral care for stress reduction.

Creso said it aimed to cover 2,000 sports shops and pharmacies in Portugal and 4,000 in Spain, with first products expected to be sold by April 2021.

Creso was unchanged at 4.5 cents with 13.3 million shares traded.

### MGC PHARMACEUTICALS

MGC says it has appointed Lyphe Group to distribute its marijuana-based products in the UK and has an order for 900 units from its Mercury Pharma line.

MGC said the London-based Lyphe would prescribe and dispense MGC's Mercury Pharma medicinal marijuana products under Lyphe labels to patients at its clinics, “while reporting real-world anonymized data investigating efficacy, safety, quality of life, and patient-reported outcomes”.

The company said the distribution agreement had no minimum order volumes.

MGC said Lyphe had received its first prescriptions for MGC products, and which put the company in “a strong position” to achieve its stated target of 5,000 prescriptions a month by April 2021.

MGC was up 0.1 cents or 4.2 percent to 2.5 cents with 11.2 million shares traded.

### NUFARM

Ellerston Capital says it has reduced its substantial shareholding in Nufarm from 30,634,500 shares (8.07%) to 24,429,246 shares (6.43%).

The Sydney-based Ellerston said that on June 29, 2020 it acquired 100,000 shares for \$399,990 or \$4.00 a share and between July 1 and August 7, 2020, sold 6,305,254 shares for \$25,921,208 or \$4.11 a share.

Nufarm fell two cents or 0.5 percent to \$4.29 with 1.2 million shares traded.

### COSTA GROUP HOLDINGS

Lazard Asset Management Pacific Co says it has reduced its substantial shareholding in Costa from 28,805,701 shares (7.19%) to 21,835,947 shares (5.45%).

The Sydney-based Lazard said that it bought and sold shares between March 31 and August 10, 2020, with a single largest sale 4,965,372 shares for \$14,599,540 or \$2.94 a share.

Costa was up five cents or 1.7 percent to \$2.95 with 2.9 million shares traded.

### TERRAGEN HOLDINGS

Terragen says it will release 1,000,000 shares from ASX escrow on August 14, 2020.

Terragen said that following the release from escrow, it would have 7,930,189 shares in escrow and 178,890,713 shares available for trading.

Terragen fell 0.5 cents or 2.2 percent to 22 cents.

### THE A2 MILK CO

A2 Milk says it has appointed David Bortolussi as managing director and chief executive officer, replacing interim chief executive officer Geoffrey Babidge in 2021.

An A2 Milk representative told AG & Vet Weekly that Mr Babidge was previously the company's managing-director, retiring when Jayne Hrdlicka was appointed chief executive officer in July 2018, but continuing as a consultant.

Last year, the company said that Mr Babidge would replace Ms Hrdlicka effective from December 9 (AVW: Dec 13, 2019).

A2 Milk said Mr Bortolussi would receive \$1,750,000 a year in fixed remuneration and would be entitled to a 120 percent of his remuneration as a short-term incentive and a 150 percent of his remuneration in performance rights as a long-term incentive.

The company said he would also receive a \$1,270,000 cash payment on the commencement date and \$3,700,000 in rights to acquire shares "as partial compensation for ... entitlements that he will forfeit on resigning from his current employment".

A2 Milk said Mr Bortolussi had leadership experience in the consumer and retail sector and was most recently Hanesbrands head of innerwear.

The company said Mr Bortolussi previously was Pacific Brands chief financial and operating officer, before he took over as chief executive officer in 2014, and the company was taken over by Hanesbrands in 2016.

A2 Milk said Mr Bortolussi was previously the chief strategy officer of Foster's Group and had held senior consulting roles at McKinsey & Company and PWC.

A2 Milk was up eight cents or 0.4 percent to \$19.07 with 1.75 million shares traded.

## CRESO PHARMA

Creso says Adam Blumenthal will take over as executive chairman replacing Boaz Wachtel and chief executive officer Dr Miri Halperin Wernli.

Creso said that founder Dr Halperin Wernli would continue as a director and be head of technology, innovation and distribution, with her annual salary reduced from \$US280,000 (\$A391,825) to \$US120,000 (\$A167,925).

The company said Mr Watchel would continue as a non-executive director, while “Dr” James Ellingford would move from non-executive to executive director.

Creso said it had appointed Jorge Wernli and Gian Trepp to executive management positions in its Swiss division.