

# Ag & Vet Weekly



Monday November 16 - Friday November 20, 2020

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

- \* **ASX DOWN, AVW-44 UP: AP HEMP UP 16%; SEAFARM DOWN 5%**
- \* **ELDERS REVENUE UP 29% TO \$2.1b, PROFIT UP 78% TO \$123m**
- \* **NUFARM FINANCIAL YEAR CHANGE: 2-MONTH REVENUE \$267.3m**
- \* **QBIOTICS: US FDA APPROVES STELFONTA FOR DOG SKIN CANCER**
- \* **ELIXINOL PLACEMENT RAISES \$8.2m, SHARE PLAN FOR \$2m MORE**
- \* **ANATARA SHARE PLAN RAISES \$1.4m, SCALE-BACK; TOTAL \$3.07m**
- \* **ANATARA, RIDLEY STUDY BROMELAIN FOR WEANER PIGLET E COLI**
- \* **AUSCANN TO ACQUIRE CANNPAL**
- \* **APIAM BUYS DUBBO'S DON CROSBY VETERINARY SURGEONS FOR \$5m**
- \* **ROOTS: RTZO GRAPEVINE TRIAL**
- \* **ELDERS AGM TO VOTE ON POTENTIAL 2nd STRIKE BOARD SPILL**
- \* **MURRAY COD 14m DIRECTORS INCENTIVE OPTIONS AGM**
- \* **FOOD REVOLUTION TO SELL ORIGINAL JUICE CO IN SOUTH AUSTRALIA**
- \* **AP HEMP: 7-ELEVEN TO SELL 'MT ELEPHANT' HEMP BARS**
- \* **ALTHEA LICENCED TO SELL MARIJUANA IN GERMANY**
- \* **ELIXINOL TO ASX: PET RELEAF PAID \$1.5m OF \$27m; BENHAIM TRADE OK**
- \* **FACTOR EXTENDS LONGMILE VET TALKS, SEEKS ASX ADVICE**
- \* **A2 MILK LOSES JESSE WU**
- \* **TASSAL LOSES DIRECTOR TREVOR GERBER**
- \* **MGC: 'MARIJUANA KILLS GLIOBLASTOMA IN-VITRO'**

## MARKET REPORT

The Australian stock market fell 0.12 percent on Friday November 20, 2020, with the ASX200 down 8.0 points to 6,539.2 points. Seventeen of the AVW-44 stocks were up, 14 fell, 11 traded unchanged and two were untraded.

AP Hemp was the best, up four cents or 16.3 percent to 28.5 cents, with 503,152 shares traded. Ocean Grown climbed 5.6 percent; Auscann, Food Revolution, Pharmaust and Regeneus were up four percent or more; Creso and Nufarm rose more than three percent; Murray Cod improved 2.9 percent; Althea, Clover, Huon and Synlait were up one percent or more; with A2 Milk, Apiam, Ecofibre and Elders up by less than one percent.

Seafarms led the falls, down 0.5 cents or 5.1 percent to 9.3 cents, with 624,883 shares traded. Clean Seas and Tasfoods fell more than four percent; Cannpal, Opyl and Wide Open shed more than three percent; Next Science, Select Harvests and THC lost more than two percent; Cann Group was down 1.6 percent; with Bega, Costa, Ridley and Tassal down by less than one percent.

## ELDERS

Elders says revenue for the year to September 30, 2020 was up 28.7 percent to \$2,092,618,000, with net profit after tax up 78.4 percent to \$122,947,000.

Elders said the revenue was from the sale of seeds, fertilizers, agricultural chemicals, animal health products and general rural merchandise, with last year's acquisition of Australian Independent Rural Retailers adding \$44.0 million in wholesale gross margin. The company said it would pay a final dividend of 13.0 cents per share on December 18 for holders on the record date of November 24, 2020.

Elders said diluted earnings per share was up 41.35 percent to 56.1 cents, net tangible asset backing per share was up 4.3 percent to \$1.68 and it had cash and equivalents of \$50,741,000 at September 30, 2020, compared to \$7,313,000 at September 30, 2019. Elders was up five cents or 0.5 percent to \$11.03 with 1.1 million shares traded.

## NUFARM

Nufarm says revenue for the two months to September 30, 2020 was up 47.5 percent to \$267,320,000, with net loss after tax to \$91,345,000.

Nufarm said it changed its financial year from July 31 to September 30 to better align its reporting period with key sales periods and for comparison with industry peers easier.

In September, the company said revenue for the year to July 31, 2020 was up 90.6 percent to \$2,847,375,000, with last year's profit turned to a loss of \$456,079,000.

Nufarm said there was increased demand for its crop protection business, although seed technologies were down due to a change in timing of revenue recognition relating to a new licencing agreement for sorghum and sunflower sales in Australia.

The company said revenue in Australia and New Zealand was up 37 percent on the previous corresponding period, with improved conditions in Australia driving demand for herbicides, with revenue from European sales up 38 percent for similar reasons.

Nufarm said its net loss included the impact of discontinued operations and material items.

The company said had cash and cash equivalents of \$423,914,000 as of September 30, 2020, compared to \$686,552,000 on July 31 and \$505,687,000 the previous year.

Nufarm was up 14 cents or 3.4 percent to \$4.26 with 2.65 million shares traded.

### QBIOTICS GROUP

Qbiotics says the US Food and Drug Administration has approved tigilanol tiglate, or Stelfonta, for canine non-metastatic mast cell tumors.

Qbiotics said the approval made Stelfonta the first FDA-approved treatment for all grades of canine non-metastatic mast cell tumors, the most frequently diagnosed cancer in dogs. The company said that Stelfonta followed recent marketing approvals in Europe, the UK and Switzerland (AVW: Jan 24, 2020).

The company said it would launch Stelfonta with US veterinary oncologists in the coming months and with primary care veterinarians from early 2021 through its marketing and distribution partner Virbac.

Qbiotics chief executive officer Dr Victoria Gordon said that the FDA approval was “a pivotal achievement for both Stelfonta and Qbiotics”.

“Stelfonta has the potential to be a category igniter, given it is easy to administer, provides 75 percent complete tumor resolution after just one injection and dogs quickly regain pre-treatment quality of life,” Dr Gordon said.

“Clinical efficacy and safety responses reported in canine patients are also being mirrored in our human patients,” Dr Gordon said.

“In a phase I/IIa human safety trial, tigilanol tiglate, the active ingredient in Stelfonta, demonstrated anti-tumor responses in a range of solid tumors,” Dr Gordon said.

“This included complete responses, where the tumor is completely destroyed, in head and neck squamous cell carcinoma and melanoma,” Dr Gordon said.

Dr Gordon said that a maximum tolerated dose was not declared for the study, and the company was also investigating the drug’s potential as both a monotherapy and an immune checkpoint inhibitor combination therapy in a series of phase II clinical trials.

Qbiotics is a public unlisted company.

### ELIXINOL GLOBAL

Elixinol says it has raised \$8.2 million through a placement and hopes to raise a further \$2 million through a share purchase plan at 17 cents a share.

Elixinol said the placement and plan share price was an 8.1 percent discount to the last closing price of 18.5 cents and a 17.7 percent discount to the 10-day volume weighted average price of 20.6 cents a share.

The company said the record date was November 13, the share plan would open on November 20 and close on December 11, 2020.

The company said the funds would be used to support its growth strategy.

Elixinol said Bell Potter Securities and MST Financial Services were joint lead managers.

Elixinol was unchanged at 17 cents with 2.9 million shares traded.

### ANATARA LIFESCIENCES

Anatara says its share plan for \$750,000 had applications for \$2,069,500 and was scaled back to \$1.4 million taking the total raised with the placement to \$3.07 million.

Last month, Anatara said it had commitments for a \$1.67 million placement at 15 cents a share and hoped to raise a further \$750,000 through a share plan (AVW: Oct 23, 2020).

This week, the company said the applications would be scaled back on a pro-rata basis.

Anatara was unchanged at 18.5 cents.

### ANATARA LIFESCIENCES

Anatara says it has an agreement with Ridley Corp for a study of its bromelain-based feed additive for enterotoxigenic Escherichia coli in piglets.

Anatara has been developing the pineapple stem bromelain as Detach for livestock diarrhoea as well as "Garp", or gastrointestinal reprogramming, for irritable bowel syndrome and inflammatory bowel disease (AVW: Jan 24, 2020).

This week, the company said that with Ridley, it had agreements with the Australasian Pork Research Institute, who would provide grant funding for a study of the delivery mechanism for weaner piglets at Perth's Murdoch University.

Anatara said the project aimed to test a formulation of its bromelain-based formulation in an Escherichia coli challenge model of "semi-moist extruded creep feed" on weaning piglets.

The company said that aim of the trial was to determine the efficacy on piglet health, welfare and performance after weaning.

Anatara said the study had a targeted completion of mid-2021.

Ridley fell 0.5 cents or 0.55 percent to 91 cents.

### AUSCANN GROUP HOLDINGS, CANNPAL ANIMAL THERAPEUTICS

Auscann and Cannpal say they have entered into a scheme of arrangement for Auscann to acquire Cannpal and form a combined entity.

Auscann and Cannpal said Cannpal shareholders would be offered 1.3 Auscann shares for every Cannpal share, valuing each Cannpal share at 18.4 cents a share or \$17.5 million for the company.

In media releases the two companies said the scheme would not be subject to financing but would be subject to exclusivity arrangements and provisions for payment of \$150,000 reciprocal break fees in certain circumstances, court approval, regulatory approval and Cannpal shareholder approval.

Auscann and Cannpal said the offer was at a 47.2 percent premium to Cannpal's last closing price of 12.5 cents a share and a 54.0 percent premium to its one-week volume weighted average price of 11.95 cents a share.

The companies said they expected the transaction to expand their product portfolio to two products on market and two products expected to be launched within 12 months.

Auscann and Cannpal said they also expected the acquisition to expand their geographical footprint in the US, Australia, the Middle East and Asia, Germany and other key markets, to expand its leadership team and to attract strategic and institutional investors.

The companies said Cannpal's board had recommended that shareholders vote in favor of the acquisition and its largest shareholder with 19.88 percent, Merchant Opportunities Fund, had agreed to escrow all Auscann shares for 12 months on implementation of the scheme.

Auscann said it was being advised by Kidder Williams as financial advisor and Minter Ellison as legal adviser.

Cannpal said it had appointed Steinepreis Paganin as its legal counsel and KPMG would prepare an independent expert's report.

The companies said they expected to implement the scheme in March 2021.

Auscann was up 0.5 cents or four percent to 13 cents.

Cannpal fell 0.5 cents or 3.6 percent to 13.5 cents.

### APIAM ANIMAL HEALTH

Apiam says it has bought the Dubbo, New South Wales-based Don Crosby Veterinary Surgeons for \$5 million, with \$3.5 million in cash and the balance in shares.

Apiam said the Dubbo company was founded by Dr Don Crosby in 2002 and comprised two practices in Dubbo and the Narromine, employing six veterinarians, all of whom it would retain, and servicing mainly pets and horses.

The company said that half the shares would be subject to a 12-month escrow period and the other half subject to a 24-month escrow period, with settlement expected by November 30, 2020.

The company said the business had about \$3.6 million in revenue last year.

Apiam was up 0.5 cents or 0.7 percent to 70 cents.

### ROOTS SUSTAINABLE AGRICULTURAL TECHNOLOGIES

Roots says it has begun a two-year trial to test the effects of its root zone temperature optimization technology on grapevines.

Roots said the trial was underway at Calmor grapes in "North Central Israel" and would test 220 plants at a 1,000 square metre patch, heating half to a 22 to 25 degree Celsius range and leaving the other half as a control group with early results expected within 12 months.

The company said it would work with Dr Netzer Yishai, a vine researcher, for the trial.

Ag & Vet Weekly could not find a Dr Netzer Yishai, but a Dr Yishai Netzer is described as a viticulture researcher at Ariel University in the Occupied West Bank.

Roots said previous studies on grapevines undergoing root zone warming had shown accelerated leaf emergence, extended internodes and elongated shoots with larger leaves.

The company said that if the trial were successful it would be well placed to pursue opportunities with grape growers and wine producers.

Roots was unchanged at two cents with 1.6 million shares traded.

### ELDERS

The Elders annual general meeting will vote on the remuneration report and a potential second-strike board spill.

Last year, the Elders annual general meeting gave the remuneration report a 'first strike' with 30,535,381 votes or 36.4 percent opposed (AVW: Dec 13, 2019).

Under the Corporations Amendment (Improving Accountability on Director and Executive Remuneration) Act 2011 any company sustaining a vote of 25 percent or more against the remuneration report in two successive annual meetings is required to vote on a board spill and if passed, the directors must stand for reelection.

Elders said that the meeting would vote on the re-election of director Diana Eilert, the election of Matthew Quinn, the granting of 101,000 performance rights to chief executive officer Mark Allison, and the reinstatement of the company's proportional takeover approval rule.

The virtual meeting will be held on December 17, 2020 at 10am (ACDT) with voting at:

<http://www.votingonline.com.au/eldagm2020> and the meeting available at:

<http://web.lumiagm.com/349384516>.

### MURRAY COD AUSTRALIA

Murray Cod says its annual meeting will vote to issue up to 14,000,000 incentive options to Ross Anderson, Mathew Ryan, Martin Priestly and George Commins.

Murray Cod said it would vote to issue 5,000,000 incentive options each to chair Ross Anderson and chief executive officer Mathew Ryan, along with 2,000,000 incentive options to directors Martin Priestly and George Commins.

The company said the options would vest in four annual tranches, starting on July 1, 2021, with the first tranche exercisable at 24 cents and the others at a price equal to 143 percent of the 10-day volume weighted average price to the date of issue.

Separately, Murray Cod said Mr Ryan and Mr Anderson were on salaries of \$200,000 a year, excluding superannuation.

The company said the meeting would vote to re-elect Mr Priestly, ratify the issue of acquisition shares and placement shares, approve an additional 10 percent placement facility and adopt the remuneration report.

The meeting will be held at the Griffith Ex-Services Club, Jondaryan Avenue, Griffith, New South Wales on December 18, 2020 at 2pm (AEDT).

Murray Cod was up 0.5 cents or 2.9 percent to 17.5 cents.

### FOOD REVOLUTION

Food Revolution says its Original Juice Co orange juice is available in independent South Australian shops.

Food Revolution chief executive officer Tony Rowlinson said that South Australia accounted for more than 10 percent of the fresh juice market in Australia and the independent retailers had more than 30 percent South Australian sales.

"This is a fantastic outcome," Mr Rowlinson said.

"Having secured higher prices with major retailers in September, signed supply agreements with 200 leading orange growers and operational efficiencies activities improving overall margins, we remain confident in building on the excellent first quarter results and delivering profitable growth this year," Mr Rowlinson said.

Mr Rowlinson said that Coles had recently listed the company's new range of "wellness shots" under the Juice Lab brand and the company hoped to be a lead player within the "wellness and functional beverage market".

Food Revolution was up 0.2 cents or 4.8 percent to 4.4 cents with 1.1 million shares traded

### AUSTRALIAN PRIMARY HEMP

AP Hemp says 7-Eleven will sell its Mt Elephant hemp-based snack bars in shops throughout Australia from March 22, 2021.

AP Hemp said 7-Eleven would be the first major retailer of the snack bars, and it expected annual sales to range between \$1 million and \$1.4 million.

AP Hemp said the seed-and-nut bars came in three flavors: apricot and nut, honey and nut, and salted caramel.

The company said the Mt Elephant brand also included hemp seed oils, protein, flour and dehulled seeds.

AP Hemp was up four cents or 16.3 percent to 28.5 cents.



### ALTHEA GROUP HOLDINGS

Althea says Germany's Federal Institute for Drugs and Medical Devices has granted all necessary licences for the sale and distribution of its marijuana products in Germany. Althea said this was a "significant milestone" and would make it the first commercial supplier of Australian marijuana in Germany.

The company said that with its distributor Nimbus Health, it would expedite the application for required import and export permits.

Althea said it expected the first shipment of product in December 2020 and it would receive a payment for product and 50 percent of the net profit on sales.

Althea was up 0.5 cents or one percent to 49 cents.

### ELIXINOL GLOBAL

Elixinol has told the ASX it has received \$US1.1 million of an expected \$US18.0 million (\$A26.8 million) and that director Paul Benhaim did not sell shares in a closed period. Answering a series of 19 questions from the ASX, Elixinol said that it had announced that through its subsidiary Elixinol LLC, Altmed Pets, trading as Pet Releaf, it would buy a minimum of \$US18 million in cannabidiol over 18-months, and pay a \$US1.8 million (\$A2.7 million) deposit in three equal payments.

But the company said that it had received \$1.1 million from Pet Releaf due to "difficult trading conditions in light of industry-wide pressures and the global Covid-19 pandemic, and as such has not yet been able to comply with its contractual obligation to pay the deposit".

Elixinol said it was approached by MST Financial in regard to a capital raising on Wednesday, November 11 and became aware of the execution of the raising on Friday November 13, 2020.

On Monday, Elixinol said it had raised \$8.2 million in a placement at 17 cents a share and hoped to raise a further \$2 million in a share plan.

Last week, the company told the ASX that it was not aware of any information it had not announced which, if known, could explain recent trading in its securities, which the ASX said had risen 60.7 percent to 22.5 cents on November 9 and noted a significant increase in the trading volume (AVW: Nov 13, 2020).

The company said that founder and director Paul Benhaim initiated the sale of 4,000,000 shares from his margin loan facility with Equities First Holdings LLC on Monday November 9, with settlement on Thursday November 12, 2020.

The ASX asked Elixinol whether it had disclosed "the outcome of its investigation regarding Elixinol Japan, including the findings of the independent legal expert" in relation to alleged non-compliance with Japanese laws.

Elixinol said that "there was never an investigation outcome" because it disposed of Elixinol Japan which was now a third party with which it has a licencing agreement.

The company said it had "confirmed with the Japanese Ministry of Health, Labour and Welfare that the regulatory investigation regarding alleged non-compliance with certain Japanese laws had been concluded and that there was no associated criminal investigation".

Elixinol said that three of the 18 products investigated by the relevant Japanese authorities were found to be non-compliant and they were withdrawn from the market.

Elixinol was unchanged at 17 cents with 2.9 million shares traded.

### FACTOR THERAPEUTICS

Factor says it has extended its non-binding, term-sheet agreement with Longmile Veterinary until December 31, 2020 and is seeking in principle advice from the ASX. In July, Factor said it had a term sheet agreement with the Rockville, Maryland-based Longmile Veterinary PET Imaging, a subsidiary of Brain Bioscience, to acquire veterinary products and technology, and provided 120 days of exclusivity to complete due diligence and negotiate (AVW: Jul 24, 2020).

This week, the company said it was seeking advice from the ASX on relevant Listing Rule matters to determine any fundamental hurdles to its ASX listing application and advice remained pending.

Factor was in a suspension and last traded 0.5 cents.

### A2 Milk

A2 Milk says non-executive director Jesse Wu will retire by December 31, 2020, "due to the increasing demands of his professional and personal commitments".

A2 Milk said Mr Wu had been with the company since May 2017 and was re-elected as director at this week's annual general meeting.

The company said it expected to provide an update on the appointment of Mr Wu's replacement prior to its half year results.

A2 Milk was up 10 cents or 0.7 percent to \$13.90 with 3.3 million shares traded.

### TASSAL

Tassal says Trevor Gerber retired as a non-executive director on October 28, 2020.

In July, Tassal said Mr Gerber intended to retire from the close of its annual general meeting in October (AVW: Jul 31, 2020).

Tassal fell two cents or 0.55 percent to \$3.64 with 846,322 shares traded.

### MGC (MEDICAL GRADE CANNABIS) PHARMACEUTICALS

MGC says in-vitro research of 18 patient tumor samples shows that its marijuana derivatives kill glioblastoma cells in the laboratory.

MGC said the preclinical research was conducted in collaboration with the Ljubjana, Slovenia-based National Institute of Biology and University Medical Centre.

MGC was unchanged at 2.1 cents with 1.9 million shares traded.