

Ag & Vet Weekly



Monday October 19 - Friday October 23, 2020

All the news on ASX-listed agriculture and veterinary companies

- * **ASX DOWN, AVW-44 FLAT: AVECHO UP 40%;
- TASFOODS, TERRAGEN DOWN 5%**
- * **CLOVER: 'H1 REVENUE DOWN 15-20%'**
- * **APIAM: Q1 REVENUE UP 14% TO \$30m**
- * **FOOD REVOLUTION Q1 REVENUE UP 28% to \$10m**
- * **ANATARA RAISES \$1.7m, SHARE PLAN FOR \$750k MORE**
- * **AVECHO: 'TPM MARIJUANA INCREASES CBD BIOAVAILABILITY IN RATS'**
- * **SYNLAIT, DIARYWORKS SELL DEEP SOUTH ICE CREAM TO TALLEY'S**
- * **ECOFIBRE PROFIT WARNING**
- * **BUBS 4.7m CEO KRISTY CARR OPTIONS AGM**
- * **TERRAGEN: 8m CEO JIM COOPER OPTIONS AGM**
- * **OCEAN GROWN 1m CEO IGNAZIO RICCIARDI OPTIONS AGM**
- * **NANOLLOSE 5.1m 'IN LIEU' SHARES, 2.9m OPTIONS, 4m RIGHTS AGM**
- * **ELLERSTON BELOW 5% IN NUFARM**
- * **CIA MANN FAMILY TAKES 15% OF AP HEMP**
- * **JAMES HOOD TAKES 10% OF AP HEMP**
- * **DR GREEN, MS BRENDISH REPLACE CLOVER'S DR SLEIGH, MS HAYMAN**
- * **ANATARA LOSES DIRECTOR DR TRACIE RAMSDALE**
- * **ALL CHANGE AT CLEAN SEAS**
- * **KRISTI WOOLRYCH JOINS ECOFIBRE DIRECTOR**
- * **AUSCANN LOSES CFO QUENTIN MEGSON**

MARKET REPORT

The Australian stock market was down 0.1 percent on Friday October 23, 2020, with the ASX200 down 6.8 points to 6,167 points. Sixteen of the AVW-44 stocks were up, 16 fell, 11 traded unchanged and one was untraded.

Avecho was the best, up 0.4 cents or 40 percent to 1.4 cents, with 125,142,374 shares traded. THC climbed 6.4 percent; Ridley improved 5.1 percent; MGC and Nanollose rose more than four percent; Elixinol was up 3.45 percent; Althea, AP Hemp, Food Revolution, Opyl and Wide Open climbed more than two percent; Fonterra and Select Harvests rose one percent or more; with Bubs, Huon and Tassal up by less than one percent.

Tasfoods and Terragen led the falls, both down 4.8 percent to 10 cents and 40 cents respectively, with 560,514 and 231,896 shares traded respectively. Memphasys and Ocean Grown fell more than four percent; Pharmaust shed 3.7 percent; Clean Seas and Elders lost more than two percent; Apiam, Ecofibre, Next Science, Regeneus and Synlait declined more than one percent; with A2 Milk, Clover, Costa and Nufarm down by less than one percent.

CLOVER CORPORATION

Clover says it expects revenue for the six months to January 31, 2021 to be down 15 to 25 percent compared to the previous corresponding period.

In March, Clover said revenue for the six months to January 31, 2020 rose 9.8 percent to \$37,621,000, with net profit after tax up 3.4 percent to \$4,634,000 (AVW: Mar 27, 2020). This week, Clover said demand was lower than forecast, due to a market "recalibration" following a significant increase in orders in the three months to July 31, 2020.

In May, the company said it had strong demand from customers and an increase in forecast demand [...] due to Covid-19 consumer stockpiling (AVW: May 22, 2020).

This week, Clover said that "uncertainty from Covid-19 has the potential to impact both positively and negatively" and previous higher demand possibly being a "one off".

Clover fell 1.5 cents or 0.9 percent to \$1.735.

APIAM ANIMAL HEALTH

Apiam says unaudited revenue for the three months to September 30, 2020 rose 14.1 percent to \$29.6 million with a "strong performance" from both pet and dairy sectors.

Apiam said pet ownership in Australia had surged since the Covid-19 lockdowns began, attributed to people having more time on their hands, seeking out more companionship and having savings from the lack of travel and entertainment.

Apiam chief executive officer Dr Chris Richards said the company was seeing a "trend towards pets being more a part of the family and treated as such".

"This has been a trend we have been observing in regional areas for some time, where traditionally it was more of a trend we saw in the cities," Dr Richards said.

"We have also delivered excellent growth in our specialist diagnostic and vaccine business, which we acquired as part of the ACE Laboratory Services acquisition in October 2019," Dr Richards said.

"We have seen significant success in cross-selling these specialist services both across our large production animal base and into other industry sectors," Dr Richards said.

Apiam fell one cent or 1.35 percent to 73 cents.

FOOD REVOLUTION GROUP

Food Revolution says revenue for the three months to September 30, 2020 was up 28 percent to \$9.6 million compared to the previous corresponding period.

Food Revolution said unaudited earnings before interest, taxes, depreciation and amortization was \$1.5 million, compared to a loss of \$483,000 the previous year.

The company said that from September 14, 2020 it had raised prices for its Original Black Label juice products, as well as house brands packed for major retailers.

Food Revolution chief executive officer Tony Rowlinson said the strong sales volumes for its Original Juice Co brands reflected the “growing [consumer] demand for fresh juices, especially oranges, with increased importance on vitamin enriched and functional beverages to help build their immune system”.

Mr Rowlinson said the company was “trading in [an] uncertain environment due to the Covid-19 pandemic”.

Food Revolution was up 0.1 cents or 2.2 percent to 4.6 cents.

ANATARA LIFESCIENCES

Anatara says it has commitments to raise \$1.67 million through a placement at 15 cents a share and hopes to raise a further \$750,000 through a share purchase plan.

Anatara said the placement, was not underwritten and, would be issued in two tranches, with the second tranche subject to shareholder approval at its annual general meeting.

The company said the 15 cents placement price was a 25 percent discount to the last closing price and the share plan price would be at least 80 percent of the five-day volume weighted average price, subject to a 15 cent a share floor price.

The company said the record date was October 20, the share plan would open on October 28 and close on November 11, 2020.

Anatara said the funds would be used to progress a clinical study of its pineapple stem bromelain-based ‘gastrointestinal reprogramming’ (Garp) dietary supplement for irritable bowel syndrome.

The company said Taylor Collison was the lead manager and bookrunner to the placement.

Anatara was unchanged at 17 cents.

AVECHO BIOTECHNOLOGY (FORMERLY PHOSPHAGENICS)

Avecho says preliminary in-vivo studies of its tocopheryl phosphate mixture (TPM) marijuana formulations show it increases cannabidiol (CBD) bio-availability in rats.

Avecho said in-vivo testing, conducted at the University of Copenhagen’s Bioneer Farma, found that all TPM formulations produced higher average area-under-the-curve than commercial CBD formulation, ranging from four to 40 times and peak plasma concentration ranging between six and 41 times than the commercial CBD formulation. The company said these increases were statistically significant for the best performing formulations.

Avecho said further animal studies might be conducted but it planned to begin human clinical trials, with dosing to begin by April 2021.

Avecho chief executive officer Dr Paul Gavin said the company’s products “aim to increase the oral absorption of cannabinoids, overcome the limitations associated with poor bio-availability and high variability in absorption, and improve the cost and benefits to patients”.

Avecho was up 0.4 cents or 40 percent to 1.4 cents with 125.1 million shares traded.

SYNLAIT MILK

Synlait says subsidiary Dairyworks has sold its Deep South brand ice cream operations to Talley's for an undisclosed amount, effective from November 12, 2020.

Dairyworks chief executive officer Tim Carter said the sale would enable it "to focus on our core business, explore new market opportunities, and deliver strong shareholder value".

"Dairyworks is going through a period of rapid expansion in our core categories of cheese, speciality cheese, yoghurt, and convenience butters," Mr Carter said. "While Deep South is a successful part of our current portfolio, ice cream is not our core business".

Synlait fell seven cents or 1.4 percent to \$5.05.

ECOFIBRE

Ecofibre says it expects to incur a loss for the six months to December 31, 2020 and is targeting a breakeven for the year to June 30, 2021.

Ecofibre said the loss was not unexpected due to Covid-19 disruptions, the acquisition of Hemp Black North Carolina, the product development and placement in CVS Pharmacy and the costs associated with moving to its new US headquarters.

Ecofibre fell two cents or 1.1 percent to \$1.76.

BUBS AUSTRALIA

Bubs says its annual general meeting will vote to issue chief executive office Kristy Carr 4,770,810 options exercisable at 10 cents each within three years.

Bubs said the options would vest in two equal tranches three months after issue, pending performance targets.

The company said the first tranche options would vest if the company's full year results achieved \$50 million in gross sales and \$2 million in normalized earnings before interest, taxes, depreciation and amortization.

Bubs said the second tranche would vest if the company's full year results showed \$60 million in gross sales and \$4 million in normalized earnings before interest, taxes, depreciation and amortization.

The company said it would also vote to re-elect director Dennis Lin, ratify the prior issue of shares and adopt the remuneration report.

The virtual meeting will be held on November 23, 2020 at 2pm (AEST) via:

<http://web.lumiagm.com/344513965>.

Bubs was up 0.5 cents or 0.7 percent to 73.5 cents with 1.7 million shares.

TERRAGEN HOLDINGS

Terragen says its annual general meeting will vote to issue up to 8,000,000 options to managing director Jim Cooper.

Terragen said the options constituted part of Mr Cooper's remuneration, with 1,000,000 exercisable at 25 cents, 2,000,000 exercisable at 50 cents and 5,000,000 exercisable at \$1.00 each, within five years.

The company said the meeting would vote to adopt its remuneration report, re-elect Dr Paul Schober, Travis Dillon and Ingrid van Dijken as directors and amend its constitution.

The virtual meeting will be held on November 18, 2020 at 12pm (AEDT) through

<https://agmlive.link/agm/TGH20>.

Terragen fell two cents or 4.8 percent to 40 cents.

OCEAN GROWN ABALONE

Ocean Grown Abalone says it will vote to issue chief executive office Ignazio Ricciardi 1,000,000 options at its upcoming annual general meeting.

Ocean Grown said the options would be exercisable at 150 percent of the 5-day volume-weighted average price to the date of the meeting and by November 27, 2023.

The company said it would also vote to adopt the remuneration report, re-elect director Danielle Lee, appoint an auditor, approve an additional 10 percent placement capacity, and approve the issue of securities under an employee incentive scheme.

The meeting will be held on November 27, 2020 at 10am (AWST), or 2pm (AEDT) at the Bridge Room, Fremantle Sailing Club, 151 Marine Terrace, Fremantle, Western Australia and virtually with shareholders requested to register for the meeting at:

https://us02web.zoom.us/webinar/register/WN_dSzwM1qRS2d6t2VOmrJUg.

Ocean Grown fell 0.4 cents or 4.2 percent to 9.1 cents.

NANOLLOSE

Nanollose says its annual general meeting will vote to issue up to 5,100,000 shares, 2,900,000 options and 4,000,000 performance rights to directors and a corporate advisor. Nanollose said investors would vote to issue up to 1,500,000 shares each to directors Dr Wayne Best and Alfie Germano and up to 700,000 shares each to Winton Willesee, Terence Walsh and Heidi Beatty "in lieu of forgone or accrued cash remuneration.

The company said the directors had agreed to forego a cash component of their base salaries for the period from May 1, 2020 to October 31, 2022, including \$15,000 from Dr Best and Mr Germano and \$17,500 from Mr Willesee, Mr Walsh and Ms Beatty.

Nanollose said it would vote to issue up to 2,400,000 options to PAC Partners Securities as its corporate advisor and a further 500,000 options to Ms Beatty as incentives, with Ms Beatty's options exercisable at 135 percent of the five-day VWAP to October 31, 2023 and PAC Partners' options exercisable at 10 cents by November 30, 2021.

The company said it would also vote to issue 2,000,000 Class D performance rights each to Dr Best and Mr Germano, as an incentive, subject to entering into commercial agreements for the company's intellectual property and receiving \$1,000,000 in revenue under these agreements or a takeover, with the rights valued at seven cents and expiring on December 31, 2021.

The company said it would vote to adopt its remuneration report, to re-elect Dr Best as a director, to ratify the issue of adviser securities and placement shares, to approve an additional 10 percent placement capacity and to adopt its new constitution.

The meeting will be held at RSM, Level 32, Exchange Tower, 2 The Esplanade, Perth on November 20, 2020 at 4pm (AWST).

Nanollose was up 0.3 cents or 4.2 percent to 7.4 cents.

NUFARM

Ellerston Capital says it has ceased to be a substantial shareholder in Nufarm.

In August, the Sydney-based Ellerston said that it had reduced its holding in Nufarm to 24,429,246 shares or 6.43 percent (AVW: Aug 14, 2020).

This week, Ellerston said that between August 11 and October 16, 2020 it bought 702,569 shares for \$2,965,131 or \$4.22 a share and sold 7,055,034 shares for \$27,635,234 or \$3.92 a share.

Ag Vet Weekly calculates that Ellerston holds 4.76 percent of Nufarm.

Nufarm fell two cents or 0.5 cents to \$3.75 with 959,899 shares traded.

AUSTRALIAN PRIMARY HEMP

CIA Mann Family says it has increased its substantial shareholding in AP Hemp from 8,085,000 shares (11.6%) to 11,550,000 shares (15.14%).

The Camperdown, Victoria-based CIA Mann Family said it had been issued the shares as deferred consideration following a share sale agreement in June 2019 to acquire AP Hemp share capital.

The substantial shareholder notice was signed by former AP Hemp chief executive officer Charles Mann and named current executive director and chief operating officer James Hood as the addressee for the notice.

Last year, Australian Primary Hemp back-door listed into Alchemia, changing the company name and ASX code (AVW: Oct 4, 2019).

AP Hemp was up 0.5 cents or 2.8 percent to 18.5 cents.

AUSTRALIAN PRIMARY HEMP

Executive director James Hood says he has increased his substantial shareholding in AP Hemp from 5,320,000 shares (7.7%) to 7,600,000 shares (9.96%).

The Geelong-based Mr Hood said he had been issued the shares as deferred consideration following a share sale agreement in June 2019 to acquire AP Hemp share capital.

According to LinkedIn, Mr Hood was co-founder and chief operating officer of AP Hemp.

Last year, Australian Primary Hemp back-door listed into Alchemia, changing the company name and ASX code (AVW: Oct 4, 2019).

CLOVER CORPORATION

Clover says Dr Simon Green and Toni Brendish will replace non-executive directors Dr Marilyn Sleigh and Cheryl Hayman at the annual general meeting.

Clover said both outgoing directors had served the board for 12 years and that Dr Sleigh had resigned from the company on October 20, 2020, while Ms Hayman would resign at the annual general meeting on November 20, 2020.

The company said Ms Brendish had more than 30 years of experience, including 20 years in chief executive officer and managing director roles, working for “blue chip fast-moving consumer goods, services and telecommunication companies” as well as experience in infant formula markets in Australia, Asia, China, Europe and New Zealand.

Clover said Dr Green had 30 years’ experience in the biotechnology industry and had held roles as head of research and development and manufacturing operations, as well as being “actively involved” in CSL’s global expansion.

ANATARA LIFESCIENCES

Anatara says Dr Tracie Ramsdale will not seek re-election as a non-executive director at the 2020 annual general meeting.

Anatara chair Sue MacLeman thanked Dr Ramsdale “for her valuable contribution since joining the board on August 4, 2014”.

CLEAN SEAS SEAFOOD

Clean Seas says chair Terry O'Brien and directors Nick Burrows and Raelene Murphy resigned on October 19, ahead of the October 20 annual general meeting.

Mr O'Brien said he was "proud of the outcomes achieved for Clean Seas in my time as chairman, in particular in responding to the devastating impact of Covid-19 where global food services demand was decimated".

Last month, the company said director David Head had retired and would remain employed by the company until its annual general meeting (AVW: Sep 18, 2020).

In August, the Clean Seas said revenue for the year to June 30, 2020 was down 12.65 percent to \$40,313,000 and last year's net profit was turned to a \$14,454,000 loss (AVW: Aug 28, 2020).

On October 20, the company said that joint company secretary David Brown had resigned "to focus on his operational responsibilities" with Boardroom Australia taking over company secretarial support services.

On October 21, Clean Seas said that Travis Dillon had been appointed chair and was previously the managing-director of Ruralco Holdings.

The company said that Mr Dillon was currently the chair of Terragen and a director of S&W Seed Co, as well as Lifeline Australia and a member of the Commonwealth Scientific and Industrial Research Organisation Agriculture and Food Advisory Committee. Clean Seas company secretary and interim chief executive officer Rob Gratton told Ag & Vet Weekly that the company had "turned the corner" and along with its partnership with Hofseth North America, sales were improving following the Covid-19 downturn.

Mr Gratton said that the new board had held its first meeting this week.

He said that the Clean Seas' board consisted of Mr Dillon, Marcus Stehr and Gilbert Vergeres.

The company's annual general meeting reported 10,098,680 votes (23.46%) against the issue of termination benefits to Mr Head with 32,949,349 votes (76.54%) in favor.

The approval of termination benefits under the equity incentive plan was passed 78.37 percent of votes at the meeting, with the remuneration report opposed by 20.37 percent of votes, avoiding a 'first strike'.

The meeting results said that directors Mr Stehr and Mr Vergeres were elected with more than 99.4 percent of votes at the meeting.

Resolution to re-elect Mr O'Brien, Mr Burrows and Ms Murphy were withdrawn.

According to Clean Seas most recent Appendix 2A, the largest number of votes, against Mr Head's termination benefits, amounted to 8.97 percent of the company, sufficient to call extraordinary general meetings.

Clean Seas fell two cents or 2.8 percent to 69 cents.

ECOFIBRE

Ecofibre says it has appointed Kristi Woolrych as an independent non-executive director effective from October 20, 2020.

Ecofibre said Ms Woolrych had more than 20 years' experience and was currently the chief marketing officer for KFC (formerly Kentucky Fried Chicken) in Australia and New Zealand.

The company said Ms Woolrych previously worked at Suncorp, including as the executive general manager of brand and marketing.

Ecofibre said Ms Woolrych held a Bachelor of Business from the Queensland University of Technology

AUSCANN GROUP

Auscann says chief financial officer Quentin Megson has resigned “for personal reasons and to pursue other interests”.

Auscann said Mr Megson would assist in the transfer during his three-month notice period and if required, would continue on a part-time contractual basis.

Auscann was unchanged at 14 cents.