

# Ag & Vet Weekly



Monday October 26 - Friday October 30, 2020

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

- \* **ASX, AVW-44 DOWN: AVECHO, CANN GLOBAL UP 9%; ROOTS DOWN 9.5%**
- \* **NATURAL DISASTER ROYAL COMMISSION PASSES ON CLIMATE CHANGE**
- \* **WIDE OPEN: OATUP WORLD'S 1<sup>st</sup> CARBON NEUTRAL OAT MILK**
- \* **ROOTS COMBINES FERTILIZATION, IRRIGATION WITH HEAT CONTROL**
- \* **BUBS REVENUE DOWN 34% TO \$9.4m, LOSS OF DAIGOU SALES**
- \* **CLEAN SEAS Q1 RECEIPTS DOWN 26% TO \$8.8m**
- \* **MURRAY COD: 'SALES UP 21.5%, RECOVERING FROM COVID-19'**
- \* **SELECT HARVESTS RIGHTS RAISE \$39m; TOTAL \$120m**
- \* **TASSAL BUYS BILLY CREEK PROPERTY FOR \$7m**
- \* **KYOCERA PAYS REGENEUS \$5.6m PROGENZA MILESTONE**
- \* **TASSAL AGM: 19% OPPOSITION TO CONSTITUTION AMENDMENTS**
- \* **AVECHO PLEADS SCHULTZ TO ASX 100% PRICE QUERY**
- \* **CANN GLOBAL LAUNCHES MARIJUANA TABLETS IN AUSTRALIA**
- \* **ECP TAKES 5% OF COSTA**
- \* **WASHINGTON SOUL PATTINSON, PENGANA REDUCE TO 20% IN CLOVER**
- \* **PAUL TOWNSEND REPLACES NUFARM CFO PAUL BINFIELD**

## MARKET REPORT

The Australian stock market was down 0.55 percent on Friday October 30, 2020, with the ASX200 down 32.7 points to 5,927.6 points. Fifteen of the AVW-44 stocks were up, 20 fell, seven traded unchanged and two were untraded.

Avecho and Cann Global were equal best, up 9.1 percent to 1.2 cents and 0.6 cents respectively, with 10,493,331 and 23,970,987 shares traded respectively. Select Harvests climbed 7.6 percent; Anatara and Terragen improved five percent or more; Creso, Clover and Tasfoods rose four percent or more; Food Revolution, Murray Cod and Next Science were up more than two percent; Bega and Wide Open climbed one percent or more; with Ecofibre and Fonterra up by less than one percent.

Roots led the falls, down 0.2 cents or 9.5 percent to 0.2 cents, with 14,490,018 shares traded. Opyl fell 9.1 percent; Cann Group shed 7.7 percent; Seafarms lost 5.2 percent; Pharmaust and Ridley were down more than four percent; Elixinol and Nanollose fell more than three percent; A2 Milk, Bubs, Nufarm, Palla, Tassal and THC shed more than two percent; Althea, Apiam and Elders lost more than one percent; with Clean Seas, Costa and Huon down by less than one percent.

## FEDERAL GOVERNMENT

The Federal Government has welcomed the tabling of the Report of the Royal Commission into National Natural Disaster Arrangements.

A media release from the Minister for Agriculture, Drought and Emergency Management David Littleproud said the Government welcomed the Report, which was tabled in Parliament this morning and thanked those who contributed to and participated in the Royal Commission as well as the chair and commissioners who examined “thousands of submissions and heard from hundreds of witnesses”.

Mr Littleproud said the Government paid tribute “to those communities impacted by the devastating Black Summer Bushfires, and in particular to the 33 people who tragically lost their lives”.

“The Royal Commission report outlines lessons for us all on how to better prepare for, manage and recover from natural disasters,” Mr Littleproud said.

“There are lessons for governments, essential service providers, insurers, charities, communities and individuals,” Mr Littleproud said.

“The Commission examined and made recommendations across a broad range of themes including prevention, preparedness, response and recovery,” he said.

“Importantly, the Royal Commission wasn’t focussed solely on Commonwealth areas of responsibilities but examined how all Australian jurisdictions managed natural disaster arrangements, and critically, how we could work together even better in future to protect people, property and the environment,” Mr Littleproud said.

The media release said that the report contained 80 recommendations with 14 directly targeted to the Federal Government, 23 specific to States and Territories, 41 shared between the Federal, State and Territory Governments and two recommendations focussed on the insurance industry and the Australian Building Code Board.

The report discusses the impact of climate change but none of the recommendations refer to mitigating the impact of climate change on natural disasters.

“The Commonwealth will now carefully and methodically consider the report and its recommendations, as will the States and Territories, but we are committed to responding to and actioning many of the recommendations as soon as possible,” Mr Littleproud said.

The full report is available at: <https://bit.ly/2HFTChs>.

## WIDE OPEN AGRICULTURE

Wide Open says Climate Active, a Federal Government-backed certification, has audited production of its oat milk Oatup and confirmed it to be carbon neutral.

Wide Open said the audit showed its production and sales to result in net zero greenhouse gas emissions, allowing it to claim the certification and use the official carbon neutral trademark on packaging and the term ‘carbon neutral certified’ in future advertising.

The company said the certification meant Oatup was the world’s first officially carbon neutral oat milk.

Wide Open said it reduced emissions by increasing operational efficiency and using less emission-intensive technology, and then offset remaining emissions through carbon crediting.

The company said it expected to launch Oatup at the end of October, with a “number of preliminary sales” secured.

In its Appendix 4C, Wide Open said it had its fifth consecutive quarter of revenue growth, with receipts from customers of \$721,000.

Wide Open was up one cent or 1.1 percent to 92.5 cents.

### ROOTS SUSTAINABLE AGRICULTURAL TECHNOLOGIES

Roots says it has added irrigation and fertilization options to its root zone temperature optimization technology.

Roots said the product, a pipe with attachable nozzles for irrigation and liquid fertilization, was designed to be inserted into the tops of plant pots and grow bags and would help simplify working procedures and lower the installation cost of its temperature optimization technology (RTZO).

The company said the product was protected under existing design and utility patents and it had identified "a number of potential customers in Israel and more broadly".

Roots fell 0.2 cents or 9.5 percent to 1.9 cents with 14.5 million shares traded.

### BUBS AUSTRALIA

Bubs says revenue for the three months to September 30, 2020 fell 34 percent to \$9.4 million compared to the previous corresponding period.

Bubs said its adult goat milk powder products were down 59 percent compared to the same time last year due to Covid-19 border restrictions resulting in a loss of daigou sales, a form of surrogate shopping in which people buy goods on behalf of customers in China, often to circumvent high import tariffs.

The company said sales of its infant formula remained strong and continued to grow, with sales increases of 29 percent in major Australian retailers and export sales of goat formula to China up 76 percent compared to the previous corresponding period.

Bubs fell two cents or 2.8 percent to 69 cents with 4.8 million shares traded.

### CLEAN SEAS SEAFOOD

Clean Seas says receipts for the three months to September 30, 2020 were down 26.1 percent to \$8,848,000 compared to the previous corresponding period.

Clean Seas said the customer receipts came from Australian, European and US sales of its yellowtail kingfish.

The company said that receipts fell due to the impacts of Covid-19 and food service venue closures, but sales volumes in Australia and Europe had maintained 88 percent of the previous corresponding year's pre-Covid-19 levels.

Clean Seas said it had sold 157 tonnes of its Kingfish to Hofseth North America in support of retail launches, with total sales volumes for the three months to September 30, 2020 up 112 percent on last year.

The company said that while the "ongoing Covid-19 disruptions will continue, the entry into retail product distribution is expected to deliver long-term growth from channel diversification that will complement Clean Seas' existing global restaurant and premium food service business".

Clean Seas said it would work with wholesale partners in Australia to diversify into new outlets, including retail and home delivery.

The company said it had cash and cash equivalents of \$19,495,000 at September 30, 2020, compared to negative \$1,860,000 at September 30, 2019, as well as \$21.6 million in total available funding for future operating activities.

Clean Seas fell 0.5 cents or 0.7 percent to 67 cents.

### MURRAY COD AUSTRALIA

Murray Cod says sales for the three months to September 30, 2020 were up 21.5 percent compared to the previous quarter, but reported receipts from customers fell.

Murray Cod said receipts from customers for the three months to September 30, 2020 were \$1,195,000, down 8.2 percent compared to the three months to June 30, 2020 but up 67.8 percent compared to the three months to September 30, 2019.

The company said domestic sales had "increased significantly since March 2020, when exports effectively ceased because of Covid-19 business shutdowns".

Murray Cod said that in September it resumed small amounts of exports to the US and Japan, following a complete stoppage due to Covid-19, although Japanese orders were suspended again in October.

The company said it expected to resume shipments to Europe in December, 2020, although new lockdowns in France and Germany might impact those plans.

Murray Cod said it was "very pleased with the significant progress that has been made operationally" as well as the "continued development of our domestic and export sales".

The company said the first four ponds at its Whitton, New South Wales site have been stocked, with the remaining four ponds expected to be stocked by December 31, 2020.

Murray Cod was up 0.5 cents or 2.9 percent to 18 cents.

### SELECT HARVESTS

Select Harvests says its one-for-6.3 retail entitlement offer has raised about \$38.7 million, bringing the total raised to roughly \$120 million.

Earlier this month, Select Harvests said it hoped to raise \$120 million in an \$80 million entitlement offer and \$40 million placement at \$5.20 a share to fund its \$129 million acquisition of Piangil Almond Orchard (AVW: Oct 2, 2020).

The following week, the company said it had raised \$81.7 million through its placement and the institutional part of its entitlement offer (AVW: Oct 9, 2020).

This week, Select Harvests said the retail offer had about 57 percent take-up from existing eligible shareholders, with the shortfall allocated to the underwriter Bell Potter.

Select Harvests was up 43 cents or 7.6 percent to \$6.12 with 700,095 shares traded.

### TASSAL GROUP

Tassal says it has bought Billy Creek, a 1,300-hectare property neighboring its existing Prosperpine, Queensland prawn farm, for \$7 million.

Tassal said it intended to combine the Prosperpine and Billy Creek properties to provide an additional 350 hectares of prawn ponds, to support a total of 800 hectares of ponds.

The company said that combining the Prosperpine and Billy Creek properties would take priority over the development of its nearby Exmoor Station prawn facility, given the lower investment cost and asset sharing possible with two facilities being combined.

Tassal said the combined prawn farming precinct would increase the need for advanced security protocols, such as water treatment and filtration.

The company said it stocked 190 hectares of prawn ponds in the year to June 30, 2020, with 270 hectares to be stocked in the year to June 30, 2021 and 340 hectares in 2022.

Tassal said the acquisition would be funded from existing banking facilities and the purchase price included cattle and cane valued at about \$700,000.

Tassal said it would sell about 6,000 hectares of surplus land at its nearby Exmoor Station to fund future prawn expansion and "optimize returns on invested capital".

Tassal fell nine cents or 2.5 percent to \$3.54 with 2.1 million shares traded.

### REGENEUS

Regeneus says it has received a \$5.6 million milestone from Kyocera as part of an agreement for its stem cell platform Progenza OA for knee osteoarthritis.

In August, Regeneus said it had a \$26.4 million collaboration agreement with Tokyo's Kyocera Corp to commercialize Progenza OA in Japan and received a \$1.3 million milestone from Kyocera for the agreement (AVW: Aug 14, Aug 28, 2020).

Regeneus was unchanged at 13.5 cents.

### TASSAL GROUP

Tassal says its annual general meeting carried all resolutions, but with 19.89 percent dissent against constitutional amendments.

Tassal said 23,763,086 votes (19.89%) opposed the amendments, with 95,698,069 votes (80.11%) in favor.

According to the company's annual report for the year to June 30, 2020, it had 209,292,333 shares on offer, meaning the opposition to the constitutional amendments amounted to 11.35 percent, sufficient to call extraordinary general meetings.

Tassal said the remuneration report and the grant of performance rights to chief executive officer Mark Ryan were opposed by 5.35 percent and 4.13 percent, respectively, with the election of directors John Watson, Richard Haire and James Fazzino and the long-term incentive plan passed overwhelmingly.

### AVECHO BIOTECHNOLOGY

Avecho has told the ASX that it is not aware of any information it has not announced which, if known, could explain recent trading in its securities.

The ASX said the company's share price rose 100 percent from 0.8 cents on October 21, 2020 to 1.6 cents on October 23 and noted a significant increase in the trading volume.

Avecho was up 0.1 cents or 9.1 percent to 1.2 cents with 10.5 million shares traded.

### CANN GLOBAL

Cann Global says its Canntab Therapeutics joint venture has launched its formulation OF medical marijuana tablets in Australia.

Cann Global said it had an import permit and an initial order for six products, including two tetrahydrocannabinol (THC) only products, two cannabidiol (CBD) only products and two THC and CBD blends.

The company said Canntab manufactured and distributed hard pill cannabinoid formulations in multiple doses and timed-release combinations and the current path to patients in Australia was through the special access scheme B and authorized prescriber schemes.

Cann Global was up 0.05 cents or 9.1 percent to 0.6 cents with 24.0 million shares traded.

### COSTA GROUP HOLDINGS

Sydney's ECP Asset Management Pty Ltd says it has become a substantial shareholder in Costa with 20,080,436 shares or 5.0 percent of the company.

ECP said that between July 23 and October 23, 2020 it bought and sold shares, with the single largest purchase on July 23 of 300,000 shares for \$903,270 or \$3.01 a share.

Costa fell two cents or 0.6 percent to \$3.56 with 1.3 million shares traded.

### CLOVER CORP

Washington H Soul Pattinson and Pengana Capital Group say they have reduced their holding in Clover from 36,300,936 shares (21.83%) to 33,713,035 shares (20.27%).

The Sydney-based Washington H Soul Pattinson and Pengana said they sold shares between October 12 and October 21, 2020 with the single largest sale on October 21 of 1,561,498 shares for \$2,725,528 or \$1.745 a share.

Clover was up seven cents or 4.1 percent to \$1.77.

### NUFARM

Nufarm says it has appointed Paul Townsend chief financial officer to replace the outgoing Paul Binfield, effective from December 1, 2020.

Nufarm said Mr Townsend was previously the chief financial officer of Asaleo Care, Pacific Hydro, Futuris Automotive and, most recently, Monash University.

The company said Mr Townsend held a Bachelor of Business from Swinburne University of Technology.

Nufarm fell 10 cents or 2.8 percent to \$3.44 with 2.4 million shares traded.