

Ag & Vet Weekly



Monday December 14 - Friday December 18, 2020

All the news on ASX-listed agriculture and veterinary companies

- * **ASX, AVW-44 DOWN: CANN GLOBAL UP 17%; A2 MILK DOWN 24%**
- * **BEGA RETAIL RIGHTS RAISE \$115m, TOTAL \$401m**
- * **A2 MILK DOWNGRADES FY21 REVENUE TO \$1.3b-\$1.5b**
- * **SYNLAIT REQUESTS 'A2 MILK' TRADING HALT**
- * **ABARES, ABS DATABASE FOR DROUGHT, CLIMATE CHANGE**
- * **MURDOCH UNI, CURTIN UNI LAUNCH WA GRAIN RESEARCH PRECINCT**
- * **COSTA SIGNS MIRA (MACQUARIE) LEASE**
- * **WATTLE HEALTH: API TO SELL UGANIC, LITTLE INNOCENTS**
- * **ELIXINOL SHARE PLAN RAISES \$12.3m; TOTAL \$20.5m**
- * **ALTHEA PLACEMENT RAISES \$6m; SHARE PLAN HOPES FOR \$3m**
- * **L1, OBSIDIAN CONVERT \$3m CANN GLOBAL NOTES FOR SHARES**
- * **THC RAISES \$2.75m FOR MEDIMAR, MANUFACTURING**
- * **ROOTS, HEMPOINT INVESTIGATE HEMP-MEAT**
- * **ROOTS INSTALLS MY GREEN FIELDS MARIJUANA HEAT PROBES**
- * **WIDE OPEN PREPARES OATUP WA LAUNCH**
- * **MGC: 'ARTEMIC COVID-19 TRIAL MEETS ENDPOINTS'**
- * **ANATARA UNMARKETABLE PARCEL FACILITY**
- * **CRESO MARIJUANA DEALS: ONTARIO CANNABIS, MARTIN & PLEASANCE**
- * **SCOBIE WARD TAKES 10% OF TERRAGEN**
- * **REGAL FUNDS REDUCES TO 14% OF ELIXINOL**
- * **NANOLLOSE APPOINTS CARLA WOITD FASHION CONSULTANT**

MARKET REPORT

The Australian stock market fell 1.2 percent on Friday December 18, 2020, with the ASX200 down 81.2 points to 6,675.5 points.

Eleven of the AVW-44 stocks were up, 22 fell, six traded unchanged and five were untraded.

Cann Global was the best, up 0.1 cents or 16.7 percent to 0.7 cents, with 67.1 million shares traded. Regeneus rose 8.3 percent; AP Hemp, Ecofibre, Nufarm and Tasfoods were up more than four percent; Elixinol, Ridley and Terragen climbed more than two percent; Elders improved 1.6 percent; with Select Harvests up 0.2 percent.

A2 Milk led the falls, down \$3.14 or 23.6 percent to \$10.14, with 31.6 million shares traded. Creso lost 11.1 percent; Auscann shed 7.9 percent; Cann Group and Memphasys were down more than six percent; Althea, Cannpal and Roots fell five percent or more; MGC, Nanollose, Palla and THC lost more than three percent; Apiam, Bega, Bubs, Clover and Tassal shed more than two percent; Costa, Synlait and Wide Open fell one percent or more; with Huon and Next Science down by less than one percent.

BEGA CHEESE

Bega says the retail component of its underwritten 1 for 4.5 pro-rata entitlement offer has raised about \$115 million, taking the total to \$401 million.

In November, Bega said it hoped to raise \$401 million in a placement and rights offer to help fund its purchase of Lion Dairy & Drinks (AVW: Nov 27, 2020).

The company said it would issue the 25 million new shares on December 21, 2020, with about 12.6 million shares not taken up under the retail offer to be allocated to sub-underwriters.

Bega fell 13 cents or 2.4 percent to \$5.32 with 3.1 million shares traded.

A2 MILK

A2 Milk says Covid-19 has downgraded its guidance for the year to June 30, 2021 to between \$NZ1.40 billion (\$A1.3 billion) and \$NZ1.55 billion (\$A1.46 billion).

In September, A2 Milk said it expected revenue in the range of \$NZ1.8 billion to \$NZ1.9 billion (AVW: Oct 2, 2020).

Today, the company said it expected group revenue of \$NZ670 million for the six months to December 31, 2020, down from the previous forecast of \$NZ725 million to \$NZ775 million.

A2 Milk said group revenue for the three months to December 31, 2020 would be higher than the three months to September 30, 2020.

The company said it forecast a full year earnings before interest, taxes, depreciation and amortization (Ebitda) margin of 26 to 29 percent, down from the previous forecast of 31 percent.

A2 Milk said Covid-19 had frustrated its infant nutrition business, primarily due to reduced tourism from China and a lower number of international students, with its Chinese resellers (or “diagou” market) negatively impacted.

A2 Milk fell \$3.14 or 23.6 percent to \$10.14 with 31.6 million shares traded.

SYNLAIT MILK

Synlait has requested a trading halt to “consider the updated [half year and full year] guidance announcement released by one of its strategic customers”.

In an earlier announcement, Synlait said it had noted that A2 Milk, one of its strategic customers, had become aware of information that might require it to revise previously issued guidance to the market, and that it would assess this information and the impact on Synlait.

Trading will resume on December 21, 2020 or on an earlier announcement

Synlait last traded at \$4.61.

BUREAU OF AGRICULTURAL AND RESOURCE ECONOMICS AND SCIENCES

The Australian Bureau of Agricultural and Resource Economics and Sciences says it has built a new database of Australian farms with the Australian Bureau of Statistics.

Abares said the database would provide information on farm productivity, the impact of policy on issues like water reform, as well as the effects of drought and climate change.

The Bureau said the database combined several existing datasets, including the Australian Bureau of Statistics agricultural census and survey data.

Abares said the database had already been used to analyze fine scale trends in crop production, trends in the Murray-Darling Basin’s water productivity and the effects of seasonal climate and drought on farm outcomes.

Abares economist and project lead Dr Neal Hughes said the database provided a “clearer picture of long-term trends in the agriculture sectors, allowing [Abares] to publish datasets at finer spatial scales and with more consistency over time”.

Dr Hughes said that future applications of the database included “supporting new approaches to drought risk management for farmers and undertaking detailed evaluations of government programs or farm management practices”.

FEDERAL GOVERNMENT, CURTIN UNIVERSITY, MURDOCH UNIVERSITY

Curtin University and Murdoch University say they will launch a grain research precinct in collaboration with the Western Australia government.

A media release from the Federal Minister for Agriculture, Drought and Emergency Management David Littleproud said the research precinct would facilitate research on crop pathology, plant physiology and genetic improvement to support the improvement of crop productivity and disease resistance in Australia’s \$14 billion grain industry.

“The Grains Research and Development Corporation has invested \$4.5 million to establish the grains research precinct in collaboration with Murdoch and Curtin Universities and the [Western Australia] Department of Primary Industries and Regional Development,” Mr Littleproud said.

The media release said the collaboration was part of the GRDC’s Grains Research and Development Infrastructure Grant program, which awarded \$15 million in competitive grants.

The Federal Government said that, in addition to the \$4.5 million in funding, the project’s partners had committed a further \$2.95 million.

The media release said the investment would allow Curtin and Murdoch universities to develop specialist greenhouses, field plots and additional infrastructure to help with their research.

COSTA GROUP HOLDINGS

Costa says Macquarie Infrastructure and Real Assets has signed a deal to acquire the seven citrus and berry farms Costa currently leases from Vitalharvest.

In November, Costa said the agricultural fund managed by Macquarie Infrastructure and Real Assets (MIRA) had offered to buy all of Vitalharvest's issue units through a trust scheme (AVW: Nov 13, 2020).

This week, the company said the lease implementation deed for the farms would only take effect if MIRA succeeded in acquiring the issued units in Vitalharvest, or all of Vitalharvest's assets in the event that the trust scheme was not approved.

Costa said the lease implementation deed provided for a fixed rent lease agreement for each of the seven farms for 20 years, plus a ten-year option.

Costa fell four cents or 0.99 percent to \$4.01.

WATTLE HEALTH AUSTRALIA

Wattle Health says the Melbourne-based Australian Pharmaceuticals Industries will sell its Uganic formula and Little Innoscents skincare products.

Wattle Health said Australian Pharmaceuticals Industries was an Australia-wide wholesale pharmacy.

Wattle Health was in a suspension and last traded at 53 cents.

ELIXINOL GLOBAL

Elixinol says its "significantly over-subscribed" share plan at 17 cents has received applications of \$27.2 million, which has been scaled back to \$12.3 million.

Last month, Elixinol said it had raised \$8.2 million in a placement and hoped to raise a further \$2 million through the share purchase plan, which could be increased or scaled back depending on demand (AVW: Nov 20, 2020).

Today, the company said the scale back of the share plan was on a pro-rata basis, with each applicant allotted a minimum of \$1,500 worth of shares.

Elixinol said that participants who applied for less than their pro-rata amount would receive their full amount.

The company said Bell Potter Securities and MST Financial Services were joint lead managers to the capital raising.

Elixinol was up 0.5 cents or 2.4 percent to 21 cents with 3.4 million shares traded.

ALTHEA GROUP HOLDINGS

Althea says its institutional placement has raised \$6 million at 44 cents a share and it hopes to raise a further \$3 million in a share plan at the same price.

Althea said the share price was a 10.2 percent discount to the last closing price on December 11, 2020.

The company said it would use the funds for marijuana research and development, to expand its patient research through Myaccess Clinics in the UK, develop and expand its Althea Concierge online sales platform, and increase its inventory capacity.

Althea said the share plan would allow holders at the record date of December 14, 2020 to purchase up-to \$30,000 worth of shares.

The company did not specify the open and closing dates of the plan but said the offer document would be dispatched "in the coming days".

Althea fell 2.5 cents or 5.6 percent to 42.5 cents with 2.7 million shares traded.

CANN GLOBAL

Cann Global says L1 Capital Global Opportunities and Obsidian Global will convert their \$3 million convertible notes to shares at 0.5 cents each, in lieu of cash.

Previously, Cann Global said that following capital raising arrangements and refinancing agreements, the Washington, District of Columbia-based Obsidian held 2,975,556 convertible notes and the Melbourne and New York-based L1 Capital held 680,000 convertible notes in Cann Global (AVW: Nov 8, 2019; Mar 20, 2020).

Last week, the company said a placement raised \$3,750,000 “to clear the company’s liabilities” including \$3 million in convertible note liabilities (AVW: Dec 11, 2002).

Cann Global said that L1 and Obsidian opted to “convert their outstanding notes at the placement price into equity” instead of being repaid the funds owed in cash.

Cann Global managing-director Sholom Feldman said that the resolution of the debt and the re-investment of the convertible notes was “a significant milestone for the company”.

Cann Global was up 0.1 cents or 16.7 percent to 0.7 cents with 67.1 million shares traded.

THC GLOBAL GROUP

THC says it has raised \$2.75 million in a placement at 25 cents a share to develop its Medimar platform and increase its medical marijuana manufacturing.

THC said the share price was a 7.3 percent discount to its last closing price.

In a presentation, the company said Medimar was an online platform designed to connect patients, prescribers, and pharmacies with electronic commerce distribution.

The company said it would use the funds to increase and expand production at its Queensland-based Southport manufacturing facility to include marijuana-based vaporizer liquids, hard gelatin capsules, suppositories, ovules and creams.

THC fell one cent or 3.7 percent to 26 cents.

ROOTS SUSTAINABLE AGRICULTURAL TECHNOLOGIES

Roots says it has signed a non-binding letter of intent with Jihlava, Czech Republic-based hemp producer Hempoint to pursue hemp-based meat production.

In August, Roots said it had established a plant-based alternative meat department, following a study showing its root zone technology increased protein content by up to 77 percent (AVW: Aug 28, 2020).

This week, the company said Hempoint was part of Czechemp, a cluster of non-profit, public and private companies collaborating to develop a range of proprietary methods to increase hemp protein from seeds to higher levels of plant.

Roots said hemp seed was a lean source of plant-based protein with a very low fat content, containing no cholesterol or saturated fat and all “the amino acids needed to help repair muscle cells, regulate the nervous system and boost brain function”.

The company said it would work with Hempoint to review methods, techniques and technologies for sourcing protein from hemp for plant-based meats.

Roots said plant-based meat was a large opportunity, with the market expected to reach \$US27.9 billion (\$A36.9 billion).

Roots chief executive officer Boaz Wachtel said that “with a shortage of other plant-based meat crops like peas and beans, demand for hemp will surely increase.”

“We are very confident this [agreement] will unlock opportunities in this rapidly growing sector and provide Roots with a springboard into Europe’s large plant-based meats market,” Mr Wachtel said.

Roots fell 0.1 cents or five percent to 1.9 cents with 20.2 million shares traded.

ROOTS SUSTAINABLE AGRICULTURAL TECHNOLOGIES

Roots says it has begun installing more than 1,000 heat exchange probes at the Israel-based My Green Fields cannabis farm and expects to be done in a week.

Last week, Roots said My Green Fields would pay \$58,000 to use its root zone temperature optimization technology (RZTO) at its marijuana farm in northern Israel (AVW: Dec 11, 2020).

This week, the company said it had moved the manufacturing of its heat exchange probe technology from China to Israel, expediting production and installation and increasing profits margins, thus making the My Green Fields installation the first to use Israeli-manufactured probes.

WIDE OPEN AGRICULTURE

Wide Open says it has shipped its oat-based milked Oatup to Western Australia for its state-wide launch, expected immediately.

In October, Wide Open said it would launch its Oatup regeneratively farmed oat-based milk in Western Australia in November (AVW: Oct 16, 2020).

This week, the company said the Perth-based speciality food and beverage distributor European Foods had agreed to market and sell Oatup through its network of cafes, restaurants and supermarkets.

Wide Open fell one cent or 1.05 percent to 94 cents.

MGC PHARMACEUTICALS

MGC says its 50-patient phase II trial of its Artemic for Covid-19 patients in Israel and India has “successfully met the primary and secondary endpoints”.

In April, MGC said it ethics approval for a 14-day double-blind, placebo-controlled trial of its anti-inflammatory Artemic, comprised of artemisinin, vitamin C, curcumin and boswellia serrata, or Indian frankincense, which would evaluate the safety and efficacy of Artemic on patients diagnosed with Covid-19 (AVW: Apr 17, 2020).

This week, MGC said the primary endpoint was clinical improvement, as defined by the UK national early warning score 2 (News2), maintained for 24 hours in comparison to routine treatment.

The company said News2 measured a patient’s degree of illness to prompt critical care intervention.

MGC said all 33 patients in the Artemic group met the primary endpoint with News2 scores of less than 2.0 when discharged from hospital.

The company said that “the average News score of patients in the placebo group was 2.25; statistically significantly higher than in the treatment group” ($p < 0.04$).

MGC said that all patients in the Artemic group achieved the secondary endpoints, with one of the 17 placebo patients experiencing life-threatening condition.

The company said that no adverse events related to the study drug were reported.

MGC said that two severe adverse events occurred in each group, but “that was defined as unlikely related to study drug”.

MGC fell 0.1 cents or 3.85 percent to 2.5 cents with 14 million shares traded.

ANATARA LIFESCIENCES

Anatara says it has instituted an off-market share buy-back facility for holders of unmarketable parcels of shares on the December 11, 2020 record date.

Anatara said that a holding valued at less than \$500 was an "unmarketable parcel" of shares and based on the closing price of 19 cents a share at the record date, an unmarketable parcel of Anatara shares was any holding of 2,631 shares or fewer.

The company said the facility would allow eligible shareholders to sell their shares to the company at 17.8 cents a share, without brokerage or fees, and investors could opt-out or increase their holding to more than 2,631 shares by the close of business on February 5, with the buy-back planned for February 9, 2021.

Anatara was untraded at 17 cents.

CRESO PHARMA

Creso says it will supply its Ritual Green brand recreational marijuana products to Canada's Ontario Cannabis Retail Corporation, trading as Ontario Cannabis Store.

Creso said the agreement was made through its wholly-owned subsidiary Mernova Medical Inc, and said Ritual Green brand products, HPG13, Lemon Haze and Mimosa, would be sold through Ontario Cannabis' stores as well as online sales platform.

Creso said that the sales order volume commitments were "yet to be finalized".

Creso fell two cents or 11.1 percent to 16 cents with 79.1 million shares traded.

CRESO PHARMA

Creso says it will manufacture a range of cannabidiol-based products in Switzerland for sale in Australia and New Zealand under the Martin & Pleasance Pty Ltd brand.

Creso said that the Melbourne-based Martin & Pleasance was a retailer of "natural remedies and medicines" stocked in 4,000 pharmacies in Australia and New Zealand.

The company said its products were pending Australian Therapeutic Goods Administration approval the agreement would allow it to respond quickly to a favorable TGA decision and access the Australian market.

Creso said the agreement was unbinding and would be finalized by April 30, 2021.

TERRAGEN HOLDINGS

Scobie Ward says he has increased his substantial shareholding in Terragen from 16,347,114 shares (8.75%) to 18,271,742 shares (9.78%).

The Dunedin, New Zealand-based Mr Ward said that between July 28 and December 14, 2020, he bought 1,924,628 shares for \$573,176.45, for an average of 29.8 cents a share.

Terragen was up one cent or 2.9 percent to 35 cents.

ELIXINOL GLOBAL

Regal Funds Management says it has reduced its substantial shareholding in Elixinol from 36,426,732 shares (15.11%) to 33,662,287 shares (13.97%).

The Sydney-based Regal Funds said that between November 27 and December 10, 2020 it sold 2,764,445 shares for \$674,246 or an average of 24.4 cents a share.

Last month, Regal Funds said it had become a substantial shareholder in Elixinol with 38,936,269 shares or 16.15 percent of the company, which were acquired for an average of 16.89 cents a share (AVW: Dec 4, 2020).

NANOLLOSE

Nanollose says it has appointed Carla Woidt as fashion consultant to the company, to assist its relationships in the fashion and textile industries.

Nanollose said Ms Woidt had held senior positions for Helmut Lang in New York and Temperley London, provided consultancy to Nobody Denim, Camilla and Country Road, and had worked as a freelance textile designer in the Netherlands.

The company said Ms Woidt held a Bachelor of Arts from the University of Adelaide.

Nanollose fell 0.2 cents or 3.8 percent to 5.1 cents.