

# Ag & Vet Weekly



Monday February 8 - Friday February 12, 2021

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

- \* **ASX, AVW-44 DOWN: MGC UP 38%; CANN GROUP DOWN 11.5%**
- \* **FEDERAL \$13m FOR PEST AND WEED CONTROL**
- \* **FEDERAL DAIRY PROGRAM TO PROMOTE EXPORTS**
- \* **CANN GROUP: \$3.6m 'CYBER SECURITY INCIDENT'**
- \* **ECOFIBRE H1 REVENUE DOWN 49.5% TO \$14.7m, PROFIT TO \$5.5m LOSS**
- \* **AVECHO PLACEMENT RAISES \$5m**
- \* **AP HEMP \$250k PA WOOLWORTHS HEMP MILK CONTRACT**
- \* **ANATARA READY FOR GARP IBS DIARRHOEA TRIAL**
- \* **WATTLE BUYS FINAL 20% OF LITTLE INNOCENTS FOR \$200k**
- \* **ALTHEA SHIPS \$1m MARIJUANA OIL TO GERMANY**
- \* **CRESO TAKES-BACK SWISS DISTRIBUTION**
- \* **MGC OPENS ON LONDON STOCK EXCHANGE**
- \* **ANATARA COMPLETES UNMARKETABLE PARCEL BUY-BACK**
- \* **AUSCANN BUYS BACK 8m UNMARKETABLE SHARES, 8k PARCELS**
- \* **PERPETUAL REDUCES TO 10.75% OF COSTA**
- \* **ETHICAL PARTNERS INCREASES, DILUTED TO 6.7% IN BEGA**
- \* **PERPETUAL REDUCES TO 6.6% IN BEGA**
- \* **UBS AG TAKES 7.4% OF TASSAL**
- \* **REGAL FUNDS TAKES 10% OF ELIXINOL**
- \* **MURRAY COD APPOINTS DAVID CROW DIRECTOR, 2m OPTIONS**
- \* **FEDERAL GOVERNMENT APPOINTS AG INNOVATION BOARD**

## MARKET REPORT

The Australian stock market fell 0.63 percent on Friday February 12, 2021, with the ASX200 down 43.4 points to 6,806.7 points. Sixteen of the AVW-44 stocks were up, 24 fell, three traded unchanged and one was untraded.

MGC was the best on no news following rises in London (see below), up 1.8 cents or 38.3 percent to 6.5 cents, with 241.1 million shares traded. Regeneus climbed five percent; Memphasys, Ridley and Tasfoods were up more than four percent; Nanollose and Opyl improved more than three percent; Althea, Food Revolution, Murray Cod and Palla rose more than two percent; Wide Open was up 1.25 percent; with Apiam, Fonterra, Next Science and Nufarm up by less than one percent.

Cann Group led the falls, down 10 cents or 11.5 percent to 77 cents, with 7.2 million shares traded. Cann Global lost 9.1 percent; Auscann was down 5.4 percent; both Pharmaust and Roots fell 4.55 percent; AP Hemp, Clean Seas and Elixinol were down more than three percent; Bubs, Cannpal, Clover, Creso and Huon shed more than two percent; Costa, Ecofibre, Ocean Grown, Seafarms, Tassal, Terragen and THC were down more than one percent; with A2 Milk, Elders, Select Harvest and Synlait down by less than one percent.

## FEDERAL GOVERNMENT

The Federal Government says will provide \$13 million to 19 projects over three years to develop safe and cost-effective alternatives to manage pest animals and weeds.

A media release from the Minister for Agriculture David Littleproud said the funding was made available under the Advancing Pest Animal and Weed Control Solutions Competitive Grant Round.

Mr Littleproud said the grants would assist projects to control some of Australia's worst established pest animals and weeds, including fall armyworm (*Spodoptera frugiperda*) and prickly acacia (*Vachellia nilotica*).

"The grant round projects will assist in overcoming emerging issues such as herbicide resistance and provide more effective alternatives for controlling pests such as hive beetles," Mr Littleproud said.

"Our native species will also benefit through a reduction in pest and weeds that ... compete for resources," Mr Littleproud said.

The media release said the that the full list of successful grant applicants was available at <https://bit.ly/3jKRrYw>.

## FEDERAL GOVERNMENT

The Federal Government says the Dairy Export Assurance Program will assist dairy manufacturers with exports.

A media release from the Minister for Agriculture David Littleproud said that the program with Dairy Australia would "identify regulatory hurdles, align food safety, regulatory and commercial assurance, and reduce compliance burdens".

Mr Littleproud said the program would help "small to medium exporters to better understand the regulatory compliance step-change required to become export ready will ultimately support our [aim of] ... a \$100 billion agriculture industry by 2030".

### CANN GROUP

Cann Group says it has had “a cyber security incident, involving an unknown third party” resulting in a \$3.6 million missing payment to an overseas contractor.

Cann said the incident was discovered overnight on Thursday February 4, 2021 and was under investigation.

On Friday, the company requested a trading halt pending an announcement “relating to an investigation that the company is undertaking” (AVW: Feb 5, 2021).

Today, Cann Group said it recently made payments of about \$3.6 million to an unnamed overseas contractor in relation to works being undertaken for its Mildura facility, but “those payments have been received by an unknown third party as a result of a complex and sophisticated cyber fraud perpetrated against the company and its overseas contractor”.

The company said it was working with its bank to determine if any of the payments could be halted and if any of the funds involved were recoverable.

Cann Group said it had notified its insurance brokers to determine if a claim could be made to recover any of the losses involved.

The company said that immediate action had been taken to ensure the integrity of its information technology (IT) systems.

Cann said it was financially able to continue its ongoing operations and projects, including the construction of its Mildura facility, irrespective of any funds being recovered.

The company said it was investigating the incident, including the engagement of external security and forensic information technology experts to assist.

Cann Group said that the matter had been reported to police in Victoria, Australia, the Netherlands and Hong Kong, as well as the Office of Drug Control.

Cann Group fell 10 cents or 11.5 percent to 77 cents with 7.2 million shares traded.

### ECOFIBRE

Ecofibre says revenue for the six months to December 31, 2019 fell 49.45 percent to \$14,673,000, with net profit turned to a net loss of \$5,546,000.

Ecofibre said revenue from sales of its marijuana and hemp-based food additives and textiles was impacted by Covid-19, particularly in the US.

The company said diluted loss per share was 1.73 cents a share, down from a profit of 2.36 cents a share in the six months to December 31, 2019, with net tangible assets per share up 7.8 percent to 17.19 cents.

Ecofibre said it had cash and cash equivalents of \$13,495,000 at December 31, 2020 compared to \$23,184,000 at December 31, 2019.

Ecofibre fell 2.5 cents or 1.5 percent to \$1.60.

### AVECHO (FORMERLY PHOSPHAGENICS)

Avecho says it has “firm commitments” to raise \$5.06 million in a placement at 2.2 cents a share, with one free attaching option for every two shares purchased.

Avecho said the share price was a 9.67 percent discount to the five-day volume weighted average price to February 4, 2021 and the attaching options would be exercisable at 3.5 cents each by December 31, 2021.

The company said the funds would be used for a phase II/III trial of its pharmaceutical grade cannabinoid products, product registration.

Avecho said the raising was supported by a \$1 million investment from Horizon 3 Biotech, with the balance placed by lead manager and underwriter, Peak Asset Management.

Avecho was unchanged at 2.6 cents with 6.3 million shares traded.

### AUSTRALIAN PRIMARY HEMP

Australian Primary Hemp says it expects sales of its Mt Elephant branded hemp and oat-based milk substitutes to earn \$250,000 a year from Woolworths supermarkets.

AP Hemp said that its second Woolworths contract expected to see the plant-based milk products on sale from April 2021.

Last year, the company said Woolworths would stock its marijuana-based Mt Elephant baking products with expected yearly sales of \$2.31 million (AVW: Jan 22, 2021.)

Today, AP Hemp managing-director Neale Joseph said the second agreement with Woolworths increased “consumers’ choices for high-quality, plant-based superfoods”.

AP Hemp fell 1.5 cents or three percent to 48 cents.

### ANATARA LIFESCIENCES

Anatara says it has ethics approval for a 200-patient trial of the pineapple stem bromelain-based complementary medicine for irritable bowel syndrome with diarrhoea.

Last year Anatara said it expected to begin a randomized, controlled trial for irritable bowel syndrome in early 2021, having previously hoped for 2020 (AVW: Jun 26, 2020).

Anatara chief executive officer Steve Lydeamore told Biotech Daily in December that the bromelain-based gastro-intestinal re-programming (Garp) product included bromelain and other components which were safe and had been shown to have efficacy for gut health.

Today, the company said that patient recruitment was planned for March 2021 and it would be conducted in two stages as a virtual study involving “minimal on-site visits and participants completing most assessments online”.

Anatara said that up-to six sites would be established with an interim analysis between stage 1, which would assess safety, tolerability and efficacy of two different strengths of Garp against placebo and stage 2 would have a one-for-one randomization protocol.

The company said each participant would be studied for 12 weeks; including two weeks screening and baseline measurement, eight weeks treatment and a two-week washout.

Anatara said measurements would include surveys of the severity scoring system, quality of life, adequate relief and the Bristol stool form scale.

Anatara was unchanged at 20 cents.

### WATTLE HEALTH

Wattle says it owns 100 percent of Little Innoscents organic skincare brand after acquiring the last 20 percent of its subsidiary for \$200,000.

Last year, Wattle Health said that revenue for the year to June 30, 2020 of \$1,119,000 was partly from Little Innoscents organic baby skincare range sales (AVW: Jul 31, 2020).

Today, the company said it planned to extend the range and increase efficiency.

Wattle Health was untraded at 53 cents.

### ALTHEA GROUP

Althea says it has shipped 2,000 units of its medical marijuana oil products worth \$1,000,000 to the Frankfurt-based Nimbus Health GmbH for distribution in Germany.

Althea said it would receive payment for products supplied to Nimbus, along with 50 percent of the net profit (BD: Nov 12, 2019, May 1, 2020).

Althea chief executive officer Joshua Fegan said that “shipping our first products to Germany is a huge milestone for our European expansion plans”.

Althea was up 1.5 cents or 2.7 percent to 57 cents with 3.3 million shares traded.

### CRESO PHARMA

Creso says it will take back the distribution, marketing and sales of its marijuana product Cannaqix from its commercial partner Doetsch Grether in Switzerland.

Creso said it had wholesalers reaching more than 2,100 pharmacies and drugstores as point-of-sales to consumers and it would directly supply to all those major wholesalers in Switzerland

Creso fell half a cent or 2.2 percent to 22.5 cents with 33.0 million shares traded.

### MGC PHARMACEUTICALS

MGC says it has opened on the London Stock Exchange following a GBP6.5 million (\$A11.6 million) 'oversubscribed' placement at 1.475 British pence (2.64 Australian cents) (BD: Feb 4, 2021).

According to the London Stock Exchange, MGC closed on Tuesday night at 2.38 pence (4.25 Australian cents).

MGC climbed 1.8 cents or 38.3 percent to 6.5 cents with 241.1 million shares traded.

### ANATARA LIFESCIENCES

Anatara says it has bought back 211,413 shares for \$37,632 in unmarketable parcel shares held by an undisclosed number of investors at 17.8 cents a share.

Anatara chief executive officer Steven Lydeamore told Biotech Daily the company was not required by the ASX to release the number of shareholders participating in the buy-back.

Anatara said that at the record date of December 11, 2020 the share price was 19 cents and an unmarketable parcel was deemed to be 2,631 shares or fewer, representing a total value of less than \$500 (BD: Dec 14, 2020).

The company said it would have 70,238,523 shares available for trading following the cancellation of the shares.

### AUSCANN

Auscann says it has bought back 7,964,285 shares at 18 cents a share in unmarketable parcels worth \$500 or less, held by 7,748 investors.

Last year, Auscann said it had a buy-back facility for holders of unmarketable parcels of shares worth less than \$500, based on 15.0 cents a share (AVW: Jul 17, 2020).

Today, the company said the buy-back had been suspended and delayed in relation to its acquisition of Cannpal Animal Therapeutics (AVW: Nov 20, 2020).

Auscann said Euroz Hartleys Securities managed the sale of the bought-back shares.

The company said that following the buy-back, it had 15,977 remaining shareholders, reduced from 23,079 shareholders.

Auscann fell one cent or 5.4 percent to 17.5 cents with 4.3 million shares traded.

### COSTA GROUP HOLDINGS

Perpetual says it has reduced its substantial shareholding in Costa from 47,397,904 shares (11.82%) to 43,098,265 shares (10.75%).

The Sydney-based Perpetual said it bought and sold shares between January 5 and February 4, 2021 at prices ranging from \$3.90 to \$4.30 a share.

Costa fell five cents or 1.2 percent to \$4.26 with 655,689 shares traded.

### BEGA CHEESE

Ethical Partners Funds Management says it has increased its shareholding and been diluted in Bega from 16,650,905 shares (7.74%) to 20,378,956 shares (6.74%).

The Sydney-based Ethical Partners said that between September 17, 2020 and February 4, 2021 it bought 7,843,964 shares for \$36,963,928 or \$4.71 a share and sold 4,115,913 shares for \$22,287,256 or \$5.415 a share.

Last year, Bega said it raised \$401 million to buy Lion Dairy (AVW: Dec 18, 2020).

Bega was unchanged at \$5.84.

### BEGA CHEESE

The Sydney-based Perpetual says it has reduced its substantial shareholding in Bega from 21,105,148 shares (7.61%) to 19,902,666 shares (6.58%).

Perpetual said that between December 4, 2020 and February 5, 2021 it bought and sold shares at prices ranging between \$5.11 and \$5.82 a share, with the single largest sale 156,644 shares for \$846,246 or \$5.41 a share.

### TASSAL GROUP

UBS AG says it has become substantial and increased its holding in Tassal to 15,640,468 shares (7.40%).

The Basel, Switzerland, Frankfurt, London and Sydney based UBS said it bought, sold and acquired shares under prime broking and lending agreements between October 5, 2020 and February 4, 2021, with the single largest recent purchase 52,836 shares for \$179,944 or \$3.41 a share.

Tassal fell four cents or 1.2 percent to \$3.33 with 1.3 million shares traded.

### ELIXINOL GLOBAL

Sydney's Regal Funds Management Pty Ltd says it has increased its substantial shareholding in Elixinol from 26,064,192 shares (8.32%) to 31,861,564 shares (10.17%).

Regal Funds said it bought and sold shares between January 15 and February 3, 2021 with the single largest purchase of 2,662,498 shares for \$524,778 or 19.7 cents a share. Elixinol fell one cent or 3.9 percent to 24.5 cents with 4.6 million shares traded.

### MURRAY COD AUSTRALIA

Murray Cod says it has appointed David Crow as a non-executive director, effective from February 8, 2021.

Murray Cod said that Mr Crow was an experienced chief executive officer and non-executive director, with more than 30 years' experience.

The company said that Mr Crow was formerly the British American Tobacco managing-director for Australasia and South and Southern Africa and had worked in marketing, consumer affairs and corporate management roles in Asia, Africa and the Middle East. Murray Cod said Mr Crow previously worked for Glaxosmithkline in the UK and Europe as marketing director and prior to that worked with Unilever in brand and trade management. The company said that, pending shareholder approval, Mr Crow would be issued 2,000,000 options exercisable at 25 cents each by January 3, 2025, vesting in four equal tranches on July 1, 2021 to July 1 2024.

Murray Cod was up half a cent or 2.4 percent to 21 cents.



## FEDERAL GOVERNMENT, AGRICULTURAL INNOVATION AUSTRALIA

The Federal Government has welcomed the appointment of three new directors, including the chair, to the inaugural board of Agricultural Innovation Australia.

A spokesperson for Agricultural Innovation said the appointments were made by the interim board, appointed when the organization was founded.

A media release from the Minister for Agriculture David Littleproud said the chair would be Bernie Brookes, with directors Dr Anne Astin and Heather Stacy.

Agricultural Innovation said that its founding members were Australia's 15 Rural Research and Development Corporations, covering the agriculture, fisheries and forestry industries. The Federal Government said the three directors had experience in government and industry.

"The new board brings together leaders with extensive experience gained through many executive positions across government, the private sector and industry," Mr Littleproud said.

"AIA is an element of the Australian Government's new National Agricultural Innovation Agenda, contributing to Delivering Ag2030," Mr Littleproud said.

"Innovation is the key to enabling Australian agriculture meet its target of becoming a \$100 billion sector by 2030," Mr Littleproud said.

"The biggest productivity gains will come from long-term, transformational [research and development], which will be a focus of AIA's investments in research and innovation," Mr Littleproud said.

"AIA will also seek co-investors, including from the private sector, for its research and innovation investments to deliver even greater impact for Australian agriculture," Mr Littleproud said.

The media release said that Rural Research and Development Corporations were responsible for investing about \$800 million a year in agricultural innovation, with \$300 million from taxpayers and \$500 million from industry levies.

Agriculture Innovation Australia said Mr Brookes was previously Myer Holdings managing-director for nine years, previously held executive roles at Woolworths, was a director of the Dairy Industry Association and Ingham's Enterprises, and was the current chair of Dotz Tech.

The organization said that Dr Astin was food scientist who held board and executive positions in government and industry and currently chaired the Food Agility Co-operative Research Centre, Dairy Food Safety Victoria and the Safe Fish partnership, was currently a director of the Sheep Producers Australia board and was previously a director at Dairy Australia and Australian Dairy Farmers.

Agriculture Innovation said Ms Stacy had agribusiness, workplace culture, and governance experience in the corporate, government and non-profit sectors and previously held management positions at Alliance Group, Fonterra and BlueScope Steel, as well as acting as a director of Worksafe Victoria and Agrifutures Australia.

For more information go to: [www.aginnovationaustralia.com.au](http://www.aginnovationaustralia.com.au) or email [contact@aginnovationaustralia.com.au](mailto:contact@aginnovationaustralia.com.au).