

Ag & Vet Weekly



Monday March 15 - Friday March 19, 2021

All the news on ASX-listed agriculture and veterinary companies

- * **ASX DOWN, AVW-42 UP: CANN GLOBAL UP 12.5%; ECOFIBRE DOWN 6%**
- * **FONTERRA H1 REVENUE DOWN 5% TO \$9b, PROFIT DOWN 22% TO \$362m**
- * **CLOVER H1 REVENUE DOWN 28% TO \$29m, PROFIT DOWN 46% TO \$2.5m**
- * **S&P DEMOTES TASSAL FROM ASX200, NEXT SCIENCE FROM ALL ORDS**
- * **ELIXINOL TO PAY UP TO \$37m FOR GERMANY'S CANNACARE**
- * **CRESO TO PAY \$500k, 47m SHARES FOR PSYCHEDELIC HALUCENEX**
- * **CRESO PHASE II PSILOCYBIN TRIAL FOR PTSD**
- * **CRESO LAUNCHES MARIJUANA 'RITUAL STICKS', \$73k FIRST ORDER**
- * **PALLA: 1st UK ORDER FOR CODEINE-PARACETAMOL PILLS**
- * **ROOTS \$52k RZTO MARIJUANA SALES CONTRACT**
- * **ECOFIBRE TO RELEASE 192m ASX ESCROW SHARES**
- * **EUROPEAN PATENT FOR REGENEUS PROGENZA STEM CELLS**
- * **PERPETUAL REDUCES TO 5.6% IN BEGA**
- * **YARRA FUNDS BECOMES SUBSTANTIAL IN TASSAL**
- * **DIMENSIONAL INCREASES, DILUTED TO 5.1% OF RIDLEY**
- * **CREDIT SUISSE TAKES 5.4% IN HUON; SELLS, TRANSFERS BELOW 5%**
- * **MERCHANT FUNDS TAKES 13% OF AUSCANN**
- * **PETSTOCK TAKES 10% OF APIAM**
- * **REGAL FUNDS REDUCES TO 5.6% OF APIAM**
- * **BILL FLEMING TO REPLACE CRESO'S DR MIRI HALPERIN WERNLI**
- * **ELIXINOL APPOINTS KIM BRADLEY-WARE CO-CO SEC**

MARKET REPORT

The Australian stock market was down 0.56 percent on Friday March 19, 2021, with the ASX200 down 37.7 points to 6,708.2 points.

Nineteen of the AVW-42 stocks were up, 13 fell, eight traded unchanged and two were untraded.

Cann Global was the best, up 0.1 cents or 12.5 percent to 0.9 cents, with 5.8 million shares traded. Clover climbed 9.1 percent; Memphasys was up 6.8 percent; MGC rose 5.5 percent; Nanollose and Regeneus improved more than four percent; Auscann, Seafarms and Select Harvests were up more than three percent; Food Revolution, Next Science and Terragen climbed more than two percent; Apiam, Cann Group, Ocean Grown Abalone, Palla Pharma and Tassal were up one percent or more; with Costa and Elders up by less than one percent.

Ecofibre led the falls, down eight cents or 5.9 percent to \$1.27, with 152,585 shares traded, followed by Anatara down 5.6 percent to 17 cents with 152,443 shares traded; Avecho and Creso fell more than four percent; Synlait lost 3.5 percent; Nufarm and Ridley shed more than two percent; Althea, AP Hemp, Clean Seas and Wide Open were down more than one percent; with A2 Milk and Bega down by less than one percent.

FONTERRA CO-OPERATIVE GROUP

Fonterra says revenue for the six months to January 31, 2021 was down 4.5 percent to \$NZ9,915 million (\$A9,174.6 million) with net profit after tax down 22.0 percent to \$NZ391 million (\$A361.8 million).

Fonterra said that revenue from the Asia Pacific region increased one percent to \$NZ3,399 million; revenue from Africa, the Middle East and Americas fell 14 percent to \$NZ3,197 million; with Greater China revenue up one percent to \$NZ3,061 million.

Fonterra chief executive officer Miles Hurrell said the “standout performer” continued to be Greater China which reflected the strength of its Foodservice business “in this region, improvements in our consumer business and China’s strong economic recovery following the initial impact of Covid-19 Foodservice business”.

“Consumer [products] benefitted from more people staying at home and cooking with dairy and a renewed focus on our brands of Anchor, Anmum and Anlene,” Mr Hurrell said.

“By the end of the financial year we expect this to be back to more normal levels as we have confidence in our supply chain to get product, already contracted, delivered to our customers,” Mr Hurrell said.

“There’s still more work to do, but our improved performance and reduced debt levels are helping us build the financial strength of the co-op and we’re on track to achieve our target debt to [earnings before interest, taxes, depreciation, and amortization] ratio of less than 3.5 this year,” Mr Hurrell said.

The company said it would pay an interim dividend of five New Zealand cents per share for holders at the record date of March 24 to be paid on April 15, 2021.

Fonterra said that its diluted earnings per share was down 28.1 percent to NZ 23 cents, with net tangible assets up 24.8 percent to \$NZ3.07 and cash and cash equivalents of \$NZ345 million at January 31, 2021 compared to \$NZ460 million at January 31, 2020.

Fonterra was unchanged at \$4.69.

CLOVER CORPORATION

Clover says revenue for the six months to January 31, 2021 was down 27.7 percent to \$29,443,000, with net profit after tax down 45.8 percent to \$2,512,000.

Clover said its revenue mainly came from sales of its infant formula ingredients, with European sales up 13.2 percent to \$4,506,000, Asia sales up 11.1 percent to \$11,272,000, Australian and New Zealand sales down 46.5 percent to \$11,362,000 and sales in the Americas down 2.1 percent to \$2,303,000.

The company said it would pay a fully franked interim dividend of 0.5 cents a share for investors at the record date of April 8, to be paid on April 29, 2021.

Clover said diluted earnings per share fell 46.0 percent from 2.78 cents in the previous year to 1.50 cents in the six months to January 31, 2021, net tangible asset backing per share was up 6.4 percent to 31.45 cents, with cash and cash equivalents of \$9,815,000 at January 31, 2021, compared to the negative \$89,000 at January 31, 2020.

Clover was up 15 cents or 9.1 percent to \$1.80 with 1.3 million shares traded.

STANDARD & POOR'S-DOW JONES INDICES

Standard & Poor's says Tassal Group will be removed from the S&P ASX200 with Next Science demoted from the All Ordinaries Index.

Standard & Poor's said the removal would be effective prior to the March 22, 2021 open. Next Science was up three cents or 2.45 percent to \$1.255.

Tassal was up six cents or 1.8 percent to \$3.38 with 8.45 million shares traded.

ELIXINOL GLOBAL

Elixinol says it will pay EUR9.0 million (\$A13.9 million) up front and up-to EUR24 million (\$A37.0 million) for the Düsseldorf, Germany-based Cannacare Health GmbH.

Elixinol said that Cannacare was the owner of Canobo a leading German cannabidiol (CBD) brand.

The company said it would pay EUR3.0 million in cash and EUR6.0 million in shares and on attainment of revenues of EUR12.9 million in the 2021 financial year, the maximum earn-out of EUR15.0 million would be payable in shares taking the total potential consideration to EUR24.0 million, pending shareholder approval.

Elixinol said that the Cannacare vendors were Frank Otto, Annette-Rosa Oplesch and an entity associated with Michael Oplesch, with Mr Otto to be appointed a director.

The company said that the Cannacare management team would continue to operate the business with Mr Oplesch becoming a consultant to Cannacare and on its advisory board.

Elixinol said that Germany was Europe's "fastest growing CBD market" and Canobo had a "dominant retail distribution with over 4,500 bricks and mortar retail distribution points and an extensive range of 20 products consisting of CBD oils, sprays and skincare products which are manufactured in Europe".

The company said that Cannacare had EUR2.6 million of revenue in 2020, and the earn-out component was not triggered until it achieved at least EUR6.5 million revenue in 2021, and at the maximum 2021 revenue earn-out threshold of EUR12.9 million, Cannacare would contribute more than 100 percent growth on standalone 2020 group revenue.

Elixinol chief executive officer Oliver Horn said the "transformational opportunity which leapfrogs Elixinol closer to its vision of becoming a profitable, global, hemp derived consumer goods wellness business".

Elixinol was unchanged at 21 cents with 2.1 million shares traded.

CRESO PHARMA

Creso says it will buy the Windsor, Nova Scotia-based Halucenex Life Sciences for \$500,000 in cash, 29,251,795 shares and 17,551,077 performance shares.

Creso said that pending due diligence, shareholder and regulatory approvals, it would acquire Halucenex for its psychedelic drug program including the mushroom-derived psilocybin for post-traumatic stress disorder, depression and other mental illnesses.

The company said that Halucenex had a supply agreement with Psygen Industries for 11.6 grams of synthetic psilocybin for its phase II and phase III trials.

Creso said that Halucenex had applied for a Canadian 'Controlled Drugs and Substances Dealer's Licence' which would allow it to possess and conduct research and development and clinical studies on psychedelic substances including lysergic acid diethylamide (LSD), psilocybin and methylene-dioxy-meth-amphetamine (MDMA).

The company said it would advance Halucenex \$250,000 as a loan to fund its operations, a further \$1 million to fund its business during the 12 months following the settlement and Halucenex would have the right to nominate a director to Creso's board.

Creso said Halucenex had a 6,000 square feet (557.4 square metre) medical clinic for the treatment of mental illness and was progressing trials to research the efficacy of psilocybin for treatment resistant depression in patients with PTSD and other mental illnesses.

The company said the psychedelic drug market was "worth up to \$US100 billion".

Ag & Vet Weekly is not aware of any currently-approved psychedelic drugs.

Creso was down one cent or 4.35 percent to 22 cents with 34.4 million shares traded.

CRESO PHARMA

Creso says it will begin an up-to 20 patient phase II trial of psilocybin for post-traumatic stress disorder in veterans and first responders in June 2021.

Earlier this week, Creso said it would acquire the Windsor, Nova Scotia-based Halucenex Life Sciences for its psychedelic drug program, including the mushroom-derived psilocybin, for mental illnesses.

Today, the company said the single-arm, open-label, phase II trial would be conducted by Halucenex and enrol up-to 20 adults with treatment-resistant PTSD to determine the efficacy and safety of psilocybin.

Creso said the principal investigator of the trial was the Halifax, Nova Scotia-based True North Clinical Research, a "research provider with strong ties to the veteran community".

The company said that True North would be responsible for clinical oversight of the trial, complying Nova Scotia Ethics Committee, patient recruitment, monitoring, data capture and compilation of results and participant safety.

Creso said patients would be administered a 10-milligram dose of psilocybin on day-7 and a 25mg dose on day-14 of the trial.

The company said following daily treatment, subjects would be monitored in the clinic for incidents of adverse events and vital signs during the hallucinogenic period.

Creso said that six to seven hours post-dosing, subjects would be assessed using patient ratings to determine the subjective intensity of psilocybin's effects, and on day-8 and day-15 of treatment the patients would return to the clinic for efficacy and safety assessments.

Creso said that patients would return to the clinic for a follow-up assessment on day-22 and would be assessed by telephone on day-36, day-90 and day-180.

The company said it had begun patient identification and expected to begin the trial in June 2021, subject to Health Canada approval of the trial.

Creso said Halucenex was responsible for obtaining the Health Canada Clinical Trial Authorization permit and expected the trial to be approved "by the end of April 2021".

CRESO PHARMA

Creso says it has launched its pre-rolled marijuana Ritual Sticks in Canada, with the first purchase order from Nova Scotia Liquor Corp for \$C70,560 (\$A72,890).

Creso said the order was made through its Canadian subsidiary, Mernova Medicinal Inc, and was received alongside \$C106,562 worth of orders for its Ritual Green branded marijuana products.

The company said Ritual Sticks, or pre-rolled marijuana cigarettes, used “indoor grown, hand-trimmed, hang-dried, cured, artisanal, craft cannabis” and would be “sold at a lower price point” than the Ritual Green products.

A spokesperson for Creso told Ag & Vet Weekly the Ritual Sticks would retail at \$C22.99 (\$A23.76) each.

The company said Ritual Sticks would address a market of “people that do not know how to roll their own joints, or simply want to avoid the inconvenience of rolling joints themselves”.

PALLA PHARMA

Palla says it has received the first order for its 30mg codeine phosphate-500mg paracetamol tablet and caplet combination from an unnamed UK customer.

Last month, Palla said the UK Medicines and Healthcare products Regulatory Agency had approved its Norway production facility and had granted marketing authorization for the codeine phosphate tablets and caplets (AVW: Feb 5, 19, 2021).

Today, the company said the first shipment was expected to leave Norway in April.

Palla did not disclose the value of the order but said that “the product pricing agreed for the order is in line with the company’s expectations”.

Palla was up 0.5 cents or one percent to 50.5 cents.

ROOTS SUSTAINABLE AGRICULTURAL TECHNOLOGIES

Roots says it has a sales contract worth \$51,700 from Puerto Rico’s Caribbean CBD Farm for its root zone temperature optimization (RZTO) technology.

Roots said that more than 2,000 temperature exchange probe units would be inserted into pots at the farm.

The company said the product used a heat pump, circulation pump and an electrical pump to control the temperature at the roots of the marijuana plants, and farmers would have real-time feedback of product temperatures and functionality.

The company said previous test work had shown 20 percent or more increase in marijuana yields with its probe technology.

Roots executive chair Boaz Wachtel said the installation would be “soon underway and we expect it to be finalized in the coming weeks”.

“We are also progressing a number of business development initiatives across the region and international markets to drive sales growth,” Mr Wachtel said.

Roots was unchanged at two cents with 1.2 million shares traded.

ECOFIBRE

Ecofibre says it will release 191,907,744 shares from ASX escrow on March 29, 2021.

According to Ecofibre’s most recent Appendix 2A new share issue, following the release from escrow, the company will have 339,369,861 shares available for trade on the ASX.

Ecofibre was down eight cents or 5.9 percent to \$1.27.

REGENEUS

Regeneus says the European Patent Office has granted a patent for its stem cell technology platform Progenza for pain.

Regeneus said the patent, titled 'Therapeutics using adipose cells and cell secretions' would protect its intellectual property until 2032.

In 2018, the company said the European Patent Office intended to grant a patent for its Progenza fat-derived mesenchymal stem cells.

Today, Regeneus said that the new patent would expand Progenza's protection beyond treatment of inflammatory conditions.

Regeneus chief executive officer Karolis Rosickas said the patent would help facilitate discussions with commercial partners for licensing Progenza for pain.

Regeneus was up 0.5 cents or 4.2 percent to 12.5 cents.

BEGA CHEESE

The Sydney-based Perpetual says it has reduced its substantial shareholding in Bega from 19,902,666 shares (6.58%) to 16,877,623 shares (5.58%).

Perpetual said that between February 8 and March 15, 2021 it sold shares at prices ranging between \$5.80 and \$6.27 a share.

Bega fell four cents or 0.6 percent to \$6.23 with 1.7 million shares traded.

TASSAL GROUP

Yarra Funds Management says it has become a substantial shareholder in Tassal with 10,811,182 shares or 5.1157 percent.

The Melbourne-based Yarra Funds said that between November 17, 2020 and March 16, 2021 it acquired 3,171,080 shares for \$10,568,653 or \$3.33 a share.

Yarra Funds said the shares were held directly, by associated companies, AA Australia Finco, TA SP Australia Topco and TA Universal Investment Holdings.

RIDLEY CORPORATION

Dimensional Entities says it has increased and been diluted in Ridley from 14,996,157 shares (6.15%) to 16,429,370 shares (5.142%).

The Austin, Texas-based Dimensional Entities said between September 14, 2009 and March 11, 2021, it bought and sold shares in about 1000 trades.

Ridley was down three cents or 2.5 percent to \$1.15.

HUON AQUACULTURE GROUP

The Sydney-based Credit Suisse Holdings says it has become a substantial shareholder in Huon with 5,970,876 shares or 5.43 percent of the company.

On Wednesday March 17, Credit Suisse said that between November 13, 2020 and March 12, 2021 it bought, sold, borrowed and returned shares with the single largest purchase 1,000,000 shares for \$2,790,000 or \$2.79 a share.

The following day, March 18, Credit Suisse said it bought 2,117 shares for \$51,234 or \$2.42 a share and "returned" 559,473 shares under a prime brokerage agreement.

Ag & Vet Weekly calculates that Credit Suisse retains 5,413,520 shares or 4.93 percent.

Huon was unchanged at \$2.52.

AUSCANN GROUP HOLDINGS

Merchant Funds Management says it has increased its substantial shareholding in Auscann from 42,570,578 shares (13.43%) to 72,223,727 shares (16.39%).

The Perth-based Merchant said that between November 2019 and March 18 2021 it bought and sold shares with the single largest purchase 7,500,000 shares for \$1,128,712 or 15 cents a share.

Merchant said that on March 18, 2021 it acquired 41,159,196 shares for \$1,658,209 or 4.0 cents a share under the scheme of arrangement for Auscann's acquisition of Cannpal.

Auscann said it had completed its acquisition of Cannpal, paying 1.3 Auscann shares for every one Cannpal share (AVW: Mar 12, 2021).

Auscann was up 0.5 cents or 3.45 percent to 15.0 cents with 2.5 million shares traded.

APIAM ANIMAL HEALTH

Petstock Investments Pty Ltd says it has become a substantial shareholder in Apiam with 12,000,000 shares or 9.93 percent of the company.

The Ballarat North, Victoria-based Petstock said it bought the shares on March 12, 2021 for \$8,400,000 or 70 cents a share.

Apiam was up one cent or 1.25 percent to 81 cents.

APIAM ANIMAL HEALTH

Regal Funds Management says it has reduced his holding in Apiam from 14,599,379 shares (13.04%) to 6,796,796 shares (5.62%).

The Sydney-based Regal Funds said that between March 17, 2020 and March 12, 2021 it bought and sold shares, with the single largest sale 8,048,278 shares for \$5,633,795 or 70 cents a share.

CRESO PHARMA

Creso says that Halucenex Life Sciences chief executive officer Bill Fleming will replace founder Dr Miri Halperin Wernli as a director.

Earlier this week, Creso said it would buy the Windsor, Nova Scotia-based Halucenex Life Sciences for \$500,000 in cash, 29,251,795 shares and 17,551,077 performance shares (see above).

Today, the company said that Dr Halperin Wernli would resign from the company effective from today with Mr Fleming to be appointed to the board following the completion of Creso's acquisition of Halucenex.

ELIXINOL GLOBAL

Elixinol says it has appointed Ms Kim Bradley-Ware as joint company secretary supporting Teresa Cleary.

Elixinol said that Ms Bradley-Ware had been "supporting the company since [its initial public offering]".