

# Ag & Vet Weekly



Monday March 29 - Thursday April 1, 2021

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

- \* **ASX UP, AVW-42 DOWN: CRESO UP 5%; CANN GLOBAL DOWN 12.5%**
- \* **SYNLAIT H1 REVENUE UP 19% TO \$608m, PROFIT DOWN 76% TO \$6m**
- \* **SWANSON REED: RDTI REGISTRATION CLOSES APRIL 30**
- \* **CANN GROUP, ER YA TRADE IN HONG KONG COURT FOR \$3.5m**
- \* **FOOD REVOLUTION \$3m PLACEMENT**
- \* **SELECT HARVESTS: ALMONDS 50% HARVESTED; RAIN DELAY NO IMPACT**
- \* **FONTERRA COMPLETES \$508m CHINA FARMS SALE**
- \* **CANN GROUP, EMYRIA FAST TGA O-T-C MARIJUANA REGISTRATION**
- \* **PHARMAUST MONEPANTEL DOG CANCER TRIAL UNDERWAY**
- \* **PHARMAUST'S EPICHEM ACCEPTED INTO WA BUSINESS PROGRAM**
- \* **CRESO PAYS \$70k FOR MUSHROOM PSILOCYBIN EXTRACTION**
- \* **CANN GLOBAL: JV CANN TAB MARIJUANA EXPORT LICENCE**
- \* **ALTHEA LAUNCHES CHEAPER 20ml 'FLEXI' MARIJUANA OIL PRODUCTS**
- \* **PERPETUAL REDUCES TO 8.7% IN COSTA**
- \* **LAZARD TAKES 5% OF COSTA**
- \* **ARGO TAKES 5% OF TASSAL**
- \* **SCOBIE DICKINSON WARD TAKES 15% OF TERRAGEN**
- \* **MARK COMPTON REPLACES NEXT SCIENCE CHAIR GEORGE SAVVIDES**

## MARKET REPORT

The Australian stock market was up 0.56 percent on Thursday April 1, 2021, with the ASX200 up 38.0 points to 6,828.7 points. Thirteen of the AVW-42 stocks were up, 16 fell, nine traded unchanged and four were untraded.

Creso was the best, up one cent or five percent to 21 cents, with 19.95 million shares traded. Synlait and Tasfoods climbed more than four percent; Althea and Murray Cod were up more than three percent; Bubs, Elixinol and Epsilon rose more than two percent; Elders and Terragen were up more than one percent; with Cann Group, Tassal, and Wide Open up by less than one percent.

Cann Global led the falls, down 0.1 cents or 12.5 percent to 0.7 cents, with 51.0 million shares traded; Pharmaust fell 6.7 percent; Regeneus lost 4.2 percent; MGC was down 3.2 percent; Bega and Food Revolution shed more than two percent; A2, Clean Seas, Clover Corp, Costa, Huon, Nufarm, Palla Pharma and Select Harvests lost more than one percent; with Next Science and Memphasys down by less than one percent.

### SYNLAIT MILK

Synlait says revenue for the six months to January 31, 2021 was up 18.7 percent to \$NZ664,182,000 (\$A607,960,974.5) with net profit after tax down 75.7 percent to \$NZ6,373,000 (\$A5,833,544.6).

Synlait said the fall in profit was due to Covid-19, the changes in foreign exchange rates and a 61 percent fall of infant formula base powder sales.

The company said New Zealand sales were up 16 percent, China rose five percent and the rest of Asia was up one percent, the sales revenue from Australia fell 19 percent, the Middle East and Africa shed one percent and the rest of the world was down two percent. Synlait said diluted earnings per share was down 77.9 percent to 3.22 NZ cents and it had cash and cash equivalents of \$NZ9,133,000 at January 31, 2021 compared to \$NZ6,974,000 at January 31, 2020.

Synlait was up 14 cents or 4.5 percent to \$3.24.

### SWANSON REED

Research and development tax advisor Swanson Reed says that last year's Covid-19 related extended research and development tax incentive deadline no longer applies.

Swanson Reed director Damian Smyth told Biotech Daily that last year the Federal Government extended the deadline from April 30 to June 30, but that no longer applied and the deadline for this year's applications would be April 30, 2021.

Mr Smyth said that the Research and Development Tax Incentive registration applications were due 10 months after the end of an income year, so the statutory deadline for companies to register research and development activities for the year to June 30, 2020 would be April 30, 2021.

Mr Smyth said that applications must provide Ausindustry with details of the experimental process of core research and development activities: hypothesis, observations and conclusions; why the technical knowledge generated by a core activity is new; how registered supporting research and development activities specifically relate to a corresponding core activity; and how a company has identified research and development activities within a project, rather than registering all project activities.

Swanson Reed said that the Australian Taxation Office had published draft Taxation Determination TD 2020/D1, setting out how the 'at-risk rule' applies to Jobkeeper payments received by a company registering research and development activities and firms should be "mindful of this position".

### CANN GROUP

Cann Group says it has begun proceedings in the Hong Kong's High Court against Er Ya Trade Ltd to recover EUR2.25 million (\$A3.47 million).

Cann Group said that Er Ya Trade was a third party defendant incorporated in Hong Kong. In February, Cann Group said it had "a cyber security incident, involving an unknown third party" resulting in a \$3.6 million missing payment to an overseas contractor in relation to works for its Mildura facility" (BD: Feb 8, 2021) (AVW: Feb 12, 2021).

This week, the company said an injunction had been granted to freeze certain assets of Er Ya Trade and to compel disclosure of ancillary information relating to assets held by it.

Cann Group said the court process was "likely to take between four and six months".

The company said there was "no guarantee that any amount will be awarded to Cann or funds ultimately recovered from the defendant through this process".

Cann Group was up 0.5 cents or 0.9 percent to 54.5 cents.

## FOOD REVOLUTION

Food Revolution says it has raised \$3 million in a placement from two unnamed companies at 3.5 cents a share.

Food Revolution said the issue price was a 14 percent discount to its closing price of 40 cents a share on March 26, 2021 and it would offer one attaching option for every three new shares. exercisable at six cents each within two years.

The company said the funds would be used to support its Juice Lab range, a new clean room plant and equipment and strengthen its balance sheet.

Food Revolution said that Sydney's Evolution Capital Advisors facilitated the placement and would be issued 10,000,000 options exercisable at six cents each within two years. Food Revolution fell 0.1 cents or 2.6 percent to 3.8 cents with 3.2 million shares traded.

## SELECT HARVESTS

Select Harvests says it has harvested 50 percent of its open shell non-pareil variety almonds with "little disruption".

Select Harvests said that Victoria and South Australia had favorable conditions, but the New South Wales harvest was disrupted by rain.

The company said that the open shell non-pareil variety harvest had been completed with little disruption.

"The product affected is the later harvested closed shell pollinator varieties," Select Harvests said. "Closed shell varieties are less vulnerable to wet harvest conditions."

"We anticipate completing [the] harvest in the next few weeks, weather permitting," the company said, adding that it was not expecting any volume impact from the rain and maintained its original forecast of more than 27,700 million tonnes of almonds.

Select Harvests said 50 percent of the harvested crop was sent to the Carina West processing facility based near the South Australian border and more than 10 percent had been processed.

The company said that shipments for the year to March 29, 2021 were up 16.2 percent and forward commitments were up 50.54 percent.

Select Harvests said Kidder Williams has begun the process of marketing the food division, having appointed the advisory firm as its corporate adviser in February to seek expressions of interest in the consumer-branded business and Thomastown processing facility (AVW: Feb 26, 2021).

Select Harvests was down 12 cents or 1.9 percent to \$6.13 with 478,680 shares traded.

## FONTERRA

Fonterra says it has completed the sale of its two wholly-owned China farming hubs in Ying and Yutian, giving cash proceeds of \$NZ\$552 million (\$A508 million).

Last year, Fonterra said it would sell farms to Inner Mongolia Youran Dairy Co subject to anti-trust clearance and other regulatory approvals (AVW: Oct 9, 2020).

The company said the transaction comprised the sale price of \$NZ\$513 million plus \$NZ\$39 million in settlement adjustments.

Fonterra chief executive officer Miles Hurrell said the sale was "an important milestone for Fonterra following its strategic refresh".

The company said the sale of its 85 percent interest in its Hangu farm to Beijing Sanyuan Venture Capital Co was expected to be completed this financial year.

Fonterra was untraded at \$4.44.

### CANN GROUP, EMYRIA

Cann Group and Emyria say they will seek “accelerated registration” of a low-dose, cannabidiol-only capsule from the Therapeutic Goods Administration.

Cann Group and Emyria said that registration of the product as a schedule three medicine would result in an “over-the-counter, pharmacist-only” cannabidiol medicine.

The companies said that Emyria’s EMD-003 drug development program would use Cann Group’s Gelpell micro-sphere technology as the basis for the schedule three registration for treating unmet needs in mental health.

Last month, Cann Group said it would buy Satipharm for \$C4 million in scrip, with the acquisition providing rights to the Gelpell technology (BD: Feb 15, 2021).

Cann Group said it would incorporate the technology and manufacturing at its facility under construction near Mildura and Emyria would lead the registration program.

Emyria was up 0.5 cents or 2.9 percent to 17.5 cents.

### PHARMAUST

Pharmaust says six dogs, of an undisclosed number, with stage 4 to 5 B-cell lymphoma have completed assessment across five participating trial sites.

In February, Pharmaust said it had begun recruitment of ‘several’ dogs in its second trial of monepantel for naïve B cell lymphoma (AVW: Feb 19, 2021).

Last year, Pharmaust said that monepantel for naïve B cell lymphoma in dogs was successful, with one of seven dogs having a 60 percent reduction in tumor size.

Today, the company said one dog was not in compliance with the dosing instructions of treatment with monepantel after food, and that dog was withdrawn from the trial.

Pharmaust said that “some mild and occasional inappetence was reported in some dogs but this appears insignificant and difficult to attribute solely to [monepantel]”.

In 2014, the company began its first trial of the Elanco sheep round worm treatment, then known as PPL-1, but the dogs found the tablets unpalatable and Pharmaust employed several companies to reformulate the tablets.

The company said side-effect levels were less than other conventional anti-cancer drugs and trial veterinarians reported that, at day-28, all dogs had been “in good spirits and well within themselves” and the owners elected to continue treatment on compassionate use.

Pharmaust said a further six dogs that did not meet the trial criteria were being treated under compassionate use in combination with other anti-cancer drugs.

The company said it would analyze monepantel and monepantel sulfone blood levels in the trial, to provide a baseline threshold for the satisfactory side-effect profile.

Pharmaust chief scientific officer Dr Richard Mollard said it was “very satisfying to see minimal side effects after the observed inappetence during the first trial with the tablets”.

Separately, Pharmaust said that wholly-owned subsidiary Epichem had been accepted into Western Australia’s Quantum Technology Acceleration program.

Last week, Pharmaust said Epichem would develop waste to fuel technology with the Carbondale, Illinois-based Thermaquatica Inc’s oxidative hydro-thermal dissolution (OHD) technology and combine it with biomass or feedstock “flow-reactor material science” (AVW: Mar 26, 2021).

Today, the company said the program would support Epichem’s development of its OHD technology to “convert feedstock and biomass into useful end products, recover valuable metals and produce useful high value chemicals”.

Epichem chief executive officer Colin La Galia said it was pleased to get the extra support and “it will help us with the scale up of our OHD project and other Epichem projects.”

Pharmaust was down 0.7 cents or 6.7 percent to 9.8 cents with 1.05 million shares traded.

### CRESO PHARMA

Creso says it will pay Advanced Extraction Systems Inc about \$70,000 for a carbon dioxide “super-critical extraction system” for psilocybin mushroom extracts.

Earlier this month, Creso said it would acquire the Windsor, Nova Scotia-based Halucenex Life Sciences for its psychedelic drug program and planned to begin an up-to 20 patient phase II trial of the mushroom-derived psilocybin for post-traumatic stress disorder in June 2021 (BD: Mar 15, 2021).

Today, the company said the extraction system would take the Charlottetown, Prince Edward Island-based Advanced Extraction Systems up-to eight weeks to design and install at Halucenex’s laboratory.

Creso said the supercritical extraction system would produce consistent, high quality psychedelic extracts from psilocybin mushrooms.

The company said Halucenex would explore psilocybin efficacy, potential faster onset, and effective dosing for the trial and future research.

Creso said Halucenex had applied for a Health Canada dealer’s licence which it would amend to allow for the production of psychedelic extracts from psilocybin mushrooms.

The company said the dealer’s licence was expected “imminently, with the licence amendment expected to be received within 45 days after the grant of the dealer’s license”.

Creso was up one cent or five percent to 21 cents with 19.95 million shares traded.

### CANN GLOBAL

Cann Global says joint venture partner Canntab Therapeutics has an export permit from Health Canada for distribution of its marijuana hard pills in Australia.

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

Cann Global said it had received an import permit and expected the products to be available for distribution in Australia in April.

The company said the products would be available to patients through the special access scheme B and authorised prescriber schemes, accessed through health practitioners.

Cann Global said it would further make the products available to the Cannabinoid Medicine Observational study which would collect data from 20,000 participants to assess the safety and efficacy of medicinal cannabis products for refractory conditions.

Cann Global fell 0.1 cents or 12.5 percent to 0.7 cents with 51.0 million shares traded.

### ALTHEA GROUP HOLDINGS

Althea says it has launched a range of 20ml marijuana oil products providing a cheaper option to try the treatment.

Althea said the smaller unit sizes could be used in the two to three week “titration period” to determine if the treatment was beneficial to the patients.

The company said it expected patients to experience positive outcomes from the medication and transition to “more economical ... larger sized bottles”.

Althea chief executive officer Joshua Fegan said “we understand that price remains a challenge for many potential new patients that want to trial medicinal cannabis for their conditions ... [and] the launch of the new Althea ‘flexi’ 20ml cannabis oil range will be a great way to provide more access to patients via trial size products”.

Althea did not disclose the prices of its 20ml bottles nor its existing products.

Althea was up 1.5 cents or 3.1 percent to 50 cents.



### COSTA GROUP HOLDINGS

The Sydney-based Perpetual says it has reduced its substantial shareholding in Costa from 38,916,165 shares (9.71%) to 34,790,106 shares (8.68%).

Perpetual said that between February 26 and March 29, 2021 it sold shares at prices ranging between \$4.50 and \$4.82 a share.

Costa was down five cents or 1.1 percent to \$4.68 with 1.3 million shares traded.

### COSTA GROUP HOLDINGS

Lazard Asset Management Pacific Co says it has become a substantial shareholder in Costa with 20,100,740 shares or 5.01 percent.

The Sydney-based Lazard Asset Management said that between December 2, 2020 and March 24, 2021 it acquired 3,328,461 shares for \$14,670,560 or an average of \$4.41 a share.

Lazard Asset Management said the shares were held by the Bank of New York Mellon, Citibank, State Street, BNP Paribas and JP Morgan Chase.

### TASSAL GROUP

The Adelaide-based Argo Investments says it has become a substantial shareholder in Tassal with 10,766,165 shares or 5.07 percent of the company.

Argo Investments said between December 4, 2020 and March 30, 2021 it bought 1,276,544 shares for \$4,431,217 or an average price of \$3.47 a share.

Tassal was up two cents or 0.6 percent to \$3.36 with 890,806 shares traded.

### TERRAGEN HOLDINGS

Scobie Dickinson Ward says he has increased his substantial shareholding in Terragen from 26,881,792 shares (14.17%) to 28,899,761 shares (15.23%).

The Dunedin, New Zealand-based Mr Dickinson Ward said between March 4 and 24, 2021 he bought 2,017,969 shares for \$629,195 or an average price of 31.18 cents a share.

Mr Dickinson Ward said his shares were held by Forsyth Barr Custodians.

Terragen was up 0.5 cents or 1.4 percent to 35.5 cents.

### NEXT SCIENCE

Next Science says chair George Savvides will not seek re-election at its annual general meeting expected on May 5, 2021 and will be replaced by Mark Compton.

Next Science said Mr Savvides had been the chair for "nearly three years".

Next Science was down one cent or 0.75 percent to \$1.32.