

# Ag & Vet Weekly



Monday May 17 - Friday May 21, 2021

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

- \* **ASX, AVW-42 UP: AVECHO UP 13%; NUFARM DOWN 6.5%**
- \* **NUFARM H1 REVENUE UP 83% TO \$1.65b; LOSS TO \$59m PROFIT**
- \* **ELDERS H1 REVENUE UP 19% TO \$1.1b, PROFIT UP 32% TO \$70m**
- \* **TASFOODS BUILDS ORGANIC POULTRY FARM; REFRIGERATION TRIAL**
- \* **CRESO MARIJUANA-OAT 'ANIBIDIOL SWINE' FOR PIG STRESS**
- \* **CRESO APPOINTS POLVET POLAND ANIBIDIOL DISTRIBUTOR**
- \* **AVECHO COMPLETES MARIJUANA SOFT-GEL DESIGN**
- \* **TASFOODS AGM 49.5% OPPOSE DIRECTOR ROGER McBAIN**
- \* **ELIXINOL AGM 23% OPPOSE 43% DIRECTORS' FEES POOL HIKE**
- \* **MGC APPLIES FOR 'CIMETRA' SLOVENIAN PATENT**
- \* **ROOTS TAKES 'US PLANT, HEMP FOOD VENTURE' HALT TO SUSPENSION**
- \* **CLEAN SEAS LISTS ON EURONEXT GROWTH OSLO**
- \* **LAZARD TAKES 5.2% OF COSTA**
- \* **APIAM CEO DR CHRIS RICHARDS INCREASES, DILUTED TO 24%**
- \* **AP HEMP: LOSES COO ROLE, JAMES HOOD CONTINUES AS DIRECTOR**

## MARKET REPORT

The Australian stock market was up 0.15 percent on Friday May 21, 2021, with the ASX200 up 10.7 points to 7,030.3 points. Nineteen of the AVW-42 stocks were up, 12 fell, six traded unchanged and five were untraded.

Avecho was the best, up 0.2 cents or 13.3 percent to 1.7 cents, with 19.2 million shares traded. Bubs, Synlait and Terragen climbed more than seven percent; A2 was up 6.3 percent; Seafarms was up 4.9 percent; Cann Group and Food Revolution were up more than three percent; Clean Seas, Ecofibre, MGC, Murray Cod, Nanollose, Tassal and Wide Open rose two percent or more; Costa was up 1.2 percent; with Bega, Next Science and Select Harvests up by less than one percent.

Nufarm led the falls, down 33 cents or 6.5 percent to \$4.72, with 3.9 million shares traded. Fonterra fell 5.3 percent; Auscann lost 4.35 percent; Clover, Elixinol and Regeneus were down three percent or more; Althea, AP Hemp and Huon shed more than two percent; with Apiam, Elders and Ridley down by less than one percent.

## NUFARM

Nufarm says revenue for the six months to March 31, 2021 was up 83.1 percent to \$1,649,647,000 with last year's loss turned to a net profit after tax of \$58,889,000. Last year, Nufarm posted a loss for the six months to March 31, 2020 of \$159,524,000 (AVW: Mar 27, 2020).

This week, Nufarm said crop protection revenue was up 75 percent to \$1,429,501,000, while seed technologies revenue was up 36.9 percent to \$144,136,000.

Nufarm said that it divested its South American crop protection businesses on April 1, 2020 and changed its financial year "to better align reporting periods with key sales periods and enable improved comparison with industry peers".

The company said it compared consolidated results for the six months to March 31, 2021 with the six months to January 31, 2020.

Nufarm said diluted earnings per share was 14.5 cents, compared to the previous diluted loss per share of 34.3 cents, net tangible asset backing per share was up 25.4 percent to \$2.22 compared to the previous year's \$1.77 and it had cash and equivalents of \$500,673,000 at March 31, 2021 compared to \$316,727,000 at January 31, 2020.

Nufarm fell 33 cents or 6.5 percent to \$4.72 with 3.9 million shares traded.

## ELDERS

Elders says revenue for the six months to March 31, 2021 was up 18.9 percent to \$1,100,502,000 with net profit after tax up 31.8 percent to \$69,708,000.

Elders restated last year's revenue from \$925,220,000 to \$900,210,000 implying an increase of 22.2 percent.

An Elders spokesperson told Ag & Vet Weekly the difference in revenue was "the elimination of feed and processing internal sales earned on principally traded cattle", adjusted for the six months to March 31, 2021 and retrospectively for the previous year.

The company said it would pay an interim 25 percent franked dividend of 20 cents to holders on the record date of May 25 to be paid on June 18, 2021, compared to a fully franked interim dividend of nine cents in 2020.

Elders said its retail products margin increased through higher sales in line with improved seasonal conditions and market growth, wholesale products benefitted from a strong first half, agency services improved mostly in livestock, driven by high prices, real estate services were favorable due to increased residential and broadacre turnover, financial services margin improved, feed and processing services was lower "mostly at Killara feedlot, driven by pricing pressures on feeder cattle ... [with costs up] due to acquisitions, higher insurance costs, investment in strategic areas and systems modernization.

The company said its feed and processing business operated a top-tier beef cattle feedlot in New South Wales and a small premium meat distribution model in China.

Elders said for the half year to March 31, 2021 and to date, "Elders experienced minimal impact on its people, operational and financial performance as a result of Covid-19".

"Elders did not access any government support such as Jobkeeper during the half year ended March 31, 2021," the company said.

In its Outlook, Elders said that with ongoing favorable rain "a positive outlook for winter crop is forecast" with Covid-19 a disruptor to global and domestic markets.

The company said diluted earnings per share was up 29.1 percent to 43.5 cents, with net tangible assets per share up 31.5 percent to \$1.92 and it had cash and equivalents of \$29,568,000 at March 31, 2021 compared to \$62,732,000 at March 31, 2020.

Elders fell five cents or 0.4 percent to \$11.28 with 799,641 shares traded.

## TASFOODS

Tasfoods says it will establish an organic chicken farm in response to increased demand for organic products, and will trial a refrigeration system.

Tasfoods did not disclose the facility cost but said the operation would be on certified organic farmland at Flowerdale, North West Tasmania, with an initial five-year lease.

The company said it would construct mobile chicken sheds, based on an existing shed trialled at Nichols Poultry 90km from Flowerdale.

Tasfoods said the sheds needed no modifications and product segregation processes would be adopted to ensure the isolation of organic products.

The company said that the organic livestock sector had “a forecast annual growth rate in Australia of 16.8 percent for the five-year period to 2025”.

Tasfoods said it had begun the trial of a logistics operation to enable a refrigerated delivery of meat and fresh milk products that were not available for direct purchase through its online store, and the refrigerated logistics operation would enable access to consumers of organic produce in metropolitan areas across Australia.

Tasfoods said sales would begin from September 2021 with a focus on interstate premium markets.

Tasfoods was untraded at 12.5 cents.

## CRESO PHARMA

Creso says it has developed a hemp flour and oat bran-based feedstock, Anibidiol Swine, for stress reduction and wellbeing for pigs.

Creso said Anibidiol Swine was developed to address tail-biting in pig herds which was due to pigs “feeling stress or discomfort” and would impact the commercial value of animals at slaughter.

The company said it began developing Anibidiol Swine in March 2020 and it was made in Switzerland compliant to industrial standards and the European Feed Catalogue.

Creso said it would begin marketing the product to farmers and breeders focusing on European and Latin American markets and expected its first sales with vets, livestock feed shops and online this year.

Creso commercial and development director Dr Gian Trepp said that Anibidiol Swine was developed “to address the large need expressed by farmers for an effective, natural and plant based complementary feed to support the reduction of stress and swine tail-biting”.

“The development follows considerable work undertaken by the Creso Pharma team and we are very pleased to have this product ready for launch,” Dr Trepp said.

“We anticipate that the launch will ... contribute to the company’s growing revenue streams,” Dr Trepp said.

Creso was unchanged at 16 cents with nine million shares traded.

## CRESO PHARMA

Creso says it has a one-year non-exclusive commercial agreement with Polvet Healthcare to market and distribute its animal health products in Poland.

Creso said Orzesze-based Polvet Healthcare Teodorowski Spółka Jawna would distribute its animal health products Anibidiol 2.5, Anibidiol 8, Anibidiol 500, Anibidiol dog treats, Anibidiol Equi and Anibidiol Swine (see above) for companion animals and livestock.

The company said Polvet had a “strong domestic consumer population” and distributed, sold, and commercialized animal health products through its online shop and directly to hospitals, clinics, and veterinarians.

## AVECHO BIOTECHNOLOGY

Avecho says the Franklin Township, New Jersey-based Catalent Inc has completed the composition and design of its marijuana-derived cannabidiol soft-gel product.

Avecho said the prototype cannabidiol oil formulation was refined at Catalent's St Petersburg, Florida-based facility and the finalized composition would contain 75 mg of cannabinoid (CBD) per capsule.

Avecho chief executive officer Dr Paul Gavin said, "this is an important milestone on the critical path for the development of our pharmaceutical CBD product."

"It cannot be emphasized enough how important it is to get the chemistry, manufacturing and controls aspect of a formulation correct," Dr Gavin said.

"Positive results from this process are as critical as successful clinical trials," Dr Gavin said.

"We have been thorough and forward-thinking in our approach to manufacturing the soft-gel product, by ensuring we produce a [good manufacturing practice] finished product that is appropriate for scale up and registration with the [Australian Therapeutic Goods Administration]," Dr Gavin said.

The company said good manufacturing practice would be used to produce the capsules which would be used in its phase I trial, expected to begin by October 2021.

"While it is always tempting to accelerate the start of clinical trials using product compounded locally, trial results generated using material manufactured in this manner are not admissible in TGA submission," Dr Gavin said.

"We have therefore invested early in a quality-controlled manufacturing process with a reputable supplier, which we believe not only optimizes the quality and chance of success of future regulatory approvals but ultimately also benefits speed to market," Dr Gavin said. Avecho was up 0.2 cents or 13.3 percent to 1.7 cents with 19.2 million shares traded.

## TASFOODS

All Tasfoods annual general meeting resolutions were passed but there was strong dissent against the re-election of director Roger McBain.

Tasfoods said that the resolution to re-elect Roger McBain was opposed by 127,201,369 votes (49.51%), with 129,735,703 votes (50.49%) in favor.

The company said that the grant of 854,634 performance rights to managing-director Jane Bennett was opposed by 35.98 percent of meeting votes and the company rights plan was opposed by 33.27 percent of votes.

The remuneration report and approval to renew the proportional takeover provisions of its constitution were passed easily, with the conditional spill resolution withdrawn.

Last year, Tasfoods said that 36.29 percent of annual general meeting votes opposed the remuneration report (AVW: Jul 24, 2020).

The Corporations Act (Section 250U) provides for a 'two strikes and re-election' process if a remuneration report is opposed by more than 25 percent of votes at two consecutive annual general meetings, taking the company to a vote on a board spill motion.

In 2019, the company said that Mr McBain's re-election was opposed by 38.9 percent of votes at the annual general meeting.

The company's most recent Appendix 2A new issue announcement said that Tasfoods had 351,902,660 shares on issue, meaning that the votes against this year's re-election of Mr McBain amounted to 36.15 percent of the company, sufficient to requisition extraordinary general meetings.

### ELIXINOL WELLNESS

All resolutions to the Elixinol annual general meeting were passed but there was dissent against the directors' fees pool increase and change of company name.

The resolution to increase the non-executive directors' fees pool by 42.9 percent from \$350,000 to \$500,000 annually was opposed by 10,248,741 votes (23.31%), with 33,714,879 votes (76.69%) in favor.

The resolution to change the company's name from Elixinol Global to Elixinol Wellness was opposed by 7,222,484 (9.66%), with 67,533,517 votes (90.34%) in favor.

In March, Elixinol said it would pay EUR9.0 million (\$A13.9 million) up front and up-to EUR24 million for the Düsseldorf, Germany-based Cannacare Health GmbH to become a "hemp-derived consumer goods wellness business" (AVW: Mar 19, 2021).

Today, the issue of shares and performance securities for the Cannacare acquisition were passed overwhelmingly as were the remuneration report, the re-election of director Paul Benhaim, the issue of equity plan securities and the ratification of a prior placement.

The company's most recent Appendix 2A new issue announcement said that Elixinol had 314,683,407 shares on issue, meaning that the votes against the fees pool increase was 3.3 percent of the company, not sufficient to requisition extraordinary general meetings. Elixinol fell half a cents or 3.2 percent to 15 cents.

### MGC PHARMACEUTICALS

MGC says the Slovenian Intellectual Property Office has accepted its patent application for Cimetra for multiple therapeutic applications.

MGC previously said the artemisinin, curcumin, Boswellia serrata and vitamin C-based Artemic (Cimetra backwards) was safe and could prevent the deterioration of Covid-19 patients, based on a 50-patient, phase II clinical trial (BD: Dec 15, 2020).

Today, the company said the patent was expected to be issued within the next 12 months. MGC was up 0.1 cents or two percent to 5.1 cents with 6.6 million shares traded.

### ROOTS SUSTAINABLE AGRICULTURAL TECHNOLOGIES

Roots has requested a voluntary suspension to follow the trading halt for an announcement on "a US plant and hemp-based food venture" (AVW: May 14, 2021). Roots last traded at 1.5 cents.

### CLEAN SEAS SEAFOOD

Clean Seas says it has listed on Oslo's Euronext Growth Market under the trading code CSS.

Earlier this month, Clean Seas said it had applied for admission to trading on Euronext Growth Oslo of the Oslo Stock Exchange (AVW: May 7, 2021).

Clean Seas was up 1.5 cents or 2.8 percent to 55 cents.

### COSTA GROUP HOLDINGS

Sydney's Lazard Asset Management Pacific Co says it has become a substantial shareholder in Costa with 20,914,112 shares or 5.22 percent.

Lazard said that it bought the shares between February 23 and May 19, 2021 with the single largest purchase 1,089,691 shares for \$4,688,309 or \$4.30 a share.

Costa was up five cents or 1.2 percent to \$4.34 with 1.4 million shares traded.

### APIAM ANIMAL HEALTH

Apiam chief executive officer Dr Christopher Richards says he has increased and been diluted from 28,951,805 shares (25.86%) to 31,400,000 shares (23.93%).

Dr Richards said he bought shares on-market, participated in the dividend reinvestment plan and was diluted in the recent placement.

In April, Apiam said it raised \$6 million at 80 cents a share (AVW: Apr 16, 2021.)

Apiam fell half a cent or 0.6 percent to 87 cents.

### AUSTRALIAN PRIMARY HEMP

Australian Primary Hemp says its chief operating officer James Hood has resigned, effective from May 19, 2021, but will continue as a non-executive director.

AP Hemp said the role of chief operating officer would not be replaced.

AP Hemp fell one cent or two percent to 48 cents.