

Ag & Vet Weekly



Monday July 5 – Friday July 9, 2021

All the news on ASX-listed agriculture and veterinary companies

- * **ASX, AVW-42 DOWN: ROOTS UP 9%; CANN GLOBAL DOWN 17%**
- * **REGIONAL INVESTMENT CORPORATION LENDS \$3b IN 3 YEARS**
- * **A2 MILK: NZ APPROVES 75% MATAURA VALLEY MILK ACQUISITION**
- * **ACCC APPROVES RIDLEY \$55m WESTBURY SALE**
- * **AUSTRALIA APPROVES QBIOTICS STELFONTA FOR DOG CANCER**
- * **PHARMAUST MONEPANTEL TABLETS 'STABLE AT 24 MONTHS'**
- * **CANN GROUP RECOVERS \$1.2m OF \$3.5m 'CYBER SECURITY INCIDENT'**
- * **ALTHEA'S PEAK \$1.3m 48NORTH MARIJUANA MANUFACTURE DEAL**
- * **CRESO COMPLETES ANIBIDIOL URUGUAY IMPORT PROCEDURES**
- * **CRESO: RED LIGHT HOLLAND BUYS \$219k NETHERLANDS MARIJUANA**
- * **CANN GLOBAL RECEIVES 2 CANN TAB MARIJUANA PRODUCTS**
- * **MGC 64.2m DIRECTOR RIGHTS EGM**
- * **FOOD REVOLUTION REQUESTS 'MANAGEMENT CHANGE' TRADING HALT**
- * **CBA TAKES 5.2% OF A2 MILK**
- * **VANGUARD TAKES 5% OF BEGA**
- * **YARRA REDUCES TO 5.3% IN NUFARM**
- * **ECP TAKES 5.3% OF COSTA**
- * **CHAIR IAN TRAHAR, GABOR DILUTED TO 24% OF SEAFARMS**
- * **JANET CAMERON TAKES 15% OF SEAFARMS**
- * **NIPPON SUISAN DILUTED TO 13% IN SEAFARMS**
- * **CHAIR ADAM BLUMENTHAL REDUCES TO 10% OF CRESO**
- * **IFM TAKES 16% OF CLEAN SEAS**
- * **GCI CSS, HOFSETH & NEVERA DILUTED TO 6.3% OF CLEAN SEAS**
- * **AGFOOD TAKES 12% OF TASFOODS**
- * **MEMPHASYS APPOINTS PROF JOHN AITKEN RESEARCH DIRECTOR**

MARKET REPORT

The Australian stock market fell 0.93 percent on Friday July 9, 2021, with the ASX200 down 68.1 points to 7,273.3 points. Ten of the AVW-42 stocks were up, 20 fell, 10 traded unchanged and two were untraded.

Roots was best, up 0.1 cents or 9.1 percent to 1.2 cents, with 365,400 shares traded. Epsilon, Next Science and Regeneus rose more than three percent; Althea, Pharmaust and Synlait climbed more than one percent; with A2 Milk, Ridley and Select Harvests up by less than one percent.

Cann Global led the falls, down 0.1 cents or 16.7 percent to 0.5 cents, with 6.5 million shares traded. Elixinol lost 7.4 percent; Auscann, Ecofibre and Memphasys fell more than four percent; Huon was down 3.6 percent; Anatara, Bubs, Fonterra and Nufarm shed two percent or more; Apiam, Clean Seas, Clover, Elders, Nanollose, Palla Pharma and Seafarms were down more than one percent; with Bega, Costa, and Tassal down by less than one percent.

REGIONAL INVESTMENT CORPORATION

The Federal Government-backed Regional Investment Corporation says it has provided about \$3 billion in farm loans in its three-year history.

A spokesperson for the Regional Investment Corporation told AG & Vet Weekly that loans were being offered at 1.77 percent variable interest, with the first five years interest only. The Corporation said it was established on July 1, 2018 and approved more than \$2.1 billion in loans for farmers and farm-related small businesses in the year to June 30, 2021. RIC chief executive officer Bruce King said the Corporation was “proud to provide affordable loans to so many farmers and farm-related small businesses in financial need, including through one of the worst recorded droughts in Australia’s history”.

“The RIC has achieved a lot in its three years, supporting thousands of Australian farmers to manage through or recover from the drought, get back on their feet and to return to profitability or invest in their farm business,” Mr King said.

The Corporation said that in 2020, it had “unprecedented demand with loan applications spiking when the interest free drought loan terms ended”, with new loan applications received in 2021 having a decision in a median time of about 22 days.

For more information, go to: www.ric.gov.au/loans.

THE A2 MILK COMPANY

A2 Milk says the New Zealand Overseas Investment Office has approved its 75 percent acquisition of Mataura Valley Milk.

A2 Milk said the \$NZ268.5 million (\$A251.6 million) acquisition of 75 percent of the Southland, New Zealand-based dairy nutrition business Mataura Valley Milk’s transaction was expected to be completed by “the end of July”.

Last December, A2 Milk said it had finalized the agreement terms to acquire 75 percent of Mataura Valley Milk (AVW: Jan 18, 2021; Aug 21, 2020).

Today, the company said Mataura Valley Milk’s majority shareholder China Animal Husbandry Group would retain 25 percent interest in the company.

A2 Milk was up four cents or 0.6 percent to \$7.20 with 6.9 million shares traded.

RIDLEY CORPORATION

Ridley says the Australian Competition and Consumer Commission has approved, the sale of its Westbury, Tasmania extrusion facility, making the sale unconditional.

In May, Ridley said its wholly-owned subsidiary Ridley Agriproducts agreed to sell the facility for \$54.85 million to Gibson's Limited (AVW: May 28, 2021).

Today, the company said the sale would result in a one-off pre-tax profit of about \$7 million and would lower the manufacturing cost base of its aquafeed business unit.

Ridley said it expected the sale to be completed "before the end of the month".

Ridley managing director Quinton Hildebrand said the sale "allows us to proceed with the plan to consolidate our aquaculture feed production into the expanded Narangba, Queensland extrusion facility, providing a more competitive and lower cost supply chain to service the Australian and New Zealand aquaculture industry, including our Tasmanian customers."

Ridley was up one cent or 0.9 percent to \$1.095.

QBIOTICS GROUP

Qbiotics says the Australian Pesticides and Veterinary Medicines Authority has approved its Stelfonta for the treatment of non-metastatic mast cell tumors in dogs.

Qbiotics said Stelfonta, or tigilanol tiglate, was indicated as the treatment of non-metastatic, cutaneous mast cell tumors located anywhere on the body, legs or head in dogs, and non-metastatic subcutaneous mast cell tumors located at or distal to the elbow or hock in dogs.

The company said the approval was based on a 123-dog, randomized, blinded, controlled study conducted in the US.

Qbiotics said the study showed a single injection of Stelfonta induced a complete response in 60 of 80 (75%) Stelfonta-treated dogs, with the tumor completely destroyed, compared to the untreated control dogs ($p = 0.001$).

The company said that with two injections 68 of 80 dogs (85%) had a complete response rate, with no tumor recurrence in 89 percent of evaluable cases 12 months after the treatment.

Qbiotics said Stelfonta would be available to Australian veterinarians in October this year through its marketing and distribution partner, Virbac.

Qbiotics said it had marketing authorisation for Stelfonta from the US Food and Drug Administration, European Medicines Agency, the Veterinary Medicines Directorate in the United Kingdom and Swissmedic.

Qbiotics managing-director Dr Victoria Gordon said the approval of Stelfonta "marks an important milestone for Qbiotics".

"The company is also currently investigating tigilanol tiglate, the active pharmaceutical ingredient in Stelfonta, in a series of human phase I and phase II clinical trials targeting head and neck squamous cell carcinoma, and melanoma as both a monotherapy and in combination with pembrolizumab, an immune checkpoint inhibitor," Dr Gordon said.

"Results from tigilanol tiglate canine studies not only underpinned the registration of a new veterinary anti-cancer product, they also inform our human clinical program," Dr Gordon said. "In addition, revenue from sales of Stelfonta financially supports our human product development."

Qbiotics said the Australian approval followed US Food and Drug Administration, European Medicines Agency, the UK Veterinary Medicines Directorate and Swissmedic approvals.

Qbiotics is a public unlisted company.

PHARMAUST

Pharmaust says that monepantel tablets stored for 24 months at 25°C with 60 percent humidity remained within specifications relevant for both veterinary and human trials. Pharmaust said the testing followed two independent 'good manufacturing practice' (GMP) grade stability studies.

Pharmaust chief scientific officer Dr Richard Mollard said the stability data for the tablets being used for veterinary work "provides great confidence that the next round of GMP tablets manufactured for human testing will similarly meet required specification levels". "Having a robust GMP tablet significantly reduces costs associated with repeat manufacturing programs and provides certainty for Pharmaust's clinical trial scheduling," Dr Mollard said.

Pharmaust was up 0.1 cents or 1.1 percent to 9.5 cents.

CANN GROUP

Cann Group says it has received \$1.2 million of about \$3.47 million the company alleged had been stolen "a cyber security incident, involving an unknown third party".

In February, Cann Group said that the incident resulted in a missing payment to an overseas contractor and was being investigated (AVW: Feb 12, 2021).

In April, Cann Group said it has begun proceedings in Hong Kong's High Court against Er Ya Trade Ltd to recover EUR2.25million (\$A3.47million) (AVW: Apr 1, 2021).

Today, the company said criminal investigations were continuing in various jurisdictions but there was no guarantee that "any formal prosecutions against any third parties involved in the cyber incident will either commence or result in any further funds being recovered".

Cann Group was unchanged at 40 cents.

ALTHEA GROUP HOLDINGS

Althea says subsidiary Peak Processing Solutions will manufacture four of 48North Cannabis' marijuana products with a minimum order of \$C1.25 million (\$A1.34 million). Althea said that under the two-year, non-exclusive agreement, Peak would manufacture the Toronto-based 48North's cannabidiol body lotion, a one-to-one ratio tetrahydrocannabinol/cannabidiol body lotion, cannabidiol bath salts and a one-to-one tetrahydrocannabinol/cannabidiol bath salts.

The company said the minimum order quantities were required to be purchased over 12 months from the first purchase order date for each product accepted by Peak.

Althea said the 48North Cannabis was a wholly-owned subsidiary of Toronto-based Delshen Therapeutics and produced cannabis products for "recreation, wellness and cannabis accessory sectors".

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

CRESO PHARMA

Creso says partners Adler Laboratories and Medara SA have completed Uruguay import procedures for its Anibidiol marijuana-based animal products.

Creso said the import protocol completion followed initial regulatory approval from Uruguay's Ministry of Agriculture and Animal Feed and marked the beginning of its "expansion through the Latin American region".

Creso was unchanged at 13.5 cents with 13.8 million shares traded.

CRESO PHARMA

Creso says Red Light Holland has ordered its first marijuana worth CHF152,220 (A\$218,798) for Cannaqix cannabidiol lozenges and Cannaqix instant tea.

Last month, Creso said it would merge with the Ontario-based Red Light Holland to become the Highbrid Lab for recreational marijuana as well as “applied science, technology and innovation” (BD: Jun 17, 2021).

Today, the company said Red Light Holland’s wholly-owned subsidiary SR Wholesale would market and distribute its marijuana-based products in the Netherlands.

Creso said the purchase order was “an important first step” in its potential merger with Red Light Holland to develop the Highbrid Lab.

CANN GLOBAL

Cann Global says the shipment of Canntab’s cannabidiol (CBD) 12.5mg and 25mg pharmaceutical grade hard pill formulations have arrived in Australia.

In March, 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 (BD: Mar 31, 2021).

Today, the company said the Canntab cannabidiol formulations would be available for ordering by pharmacies after customs clearance and could be available to patients through the special access scheme B and authorized prescriber schemes.

Cann Global fell 0.1 cents or 16.7 percent to 0.5 cents with 6.5 million shares traded.

MGC PHARMACEUTICALS

MGC says its extraordinary general meeting will vote to issue 64,200,000 performance rights to eight directors and ratify the Medicanl acquisition.

MGC said it proposed to issue 27,400,000 performance rights each to managing-director Roby Zomer and executive chair Brett Mitchell, 2,600,000 performance rights each to non-executive directors Dr Stephen Parker and Evan Hayes, and 2,100,000 performance rights each to non-executive directors Nativ Segev and Dr Ross Walker.

The company said the 64,200,000 performance rights were held in three classes.

A, B and C, class A with 17,100,000, class B with 39,900,000 and class C with 7,200,000 performance rights.

MGC said the hurdle for vesting the 17,100,000 class A rights was a 10-day volume-weighted average price (VWAP) of 8.75 cents, by April 1, 2022, or 125 percent of 10-day VWAP to April 1, 2021.

The company said the hurdle for the 39,900,000 class B rights would be a 10-day VWAP of 10.5 cents by April 1, 2023, or 150 percent of the 10-day VWAP to April 1, 2021.

MGC said the 7,200,000 class C rights would vest if the directors were with the company at June 30, 2021.

In April, the company said it would acquire the Zichron Yaakov, Israel-based clinical research company Medicanl for \$6 million in shares (BD: Apr 22, 2021).

In May, MGC says it had agreements with Health House International and Cannvalate to distribute its marijuana-derived medicines in Australia (BD: May 2, 2021).

Today, the company said the meeting would vote to ratify and approve the issue of shares for the acquisition of Medicanl and in relation to Cannvalate.

The meeting will be held at 1202 Hay Street, West Perth, Western Australia on August 12, 2021 at 4pm (AWST).

MGC was unchanged at 3.8 cents with 4.1 million shares traded.

THE FOOD REVOLUTION GROUP

Food Revolution has requested a trading halt pending a “price sensitive announcement to the market in relation to a change in management”.

Trading will resume on July 12, 2021 or on an earlier announcement.

Food Revolution last traded at 2.9 cents.

THE A2 MILK COMPANY

Commonwealth Bank of Australia says it has become a substantial shareholder in A2 Milk with 38,479,491 shares or 5.176 percent of the company.

The Sydney-based Commonwealth Bank said that between March 8 and July 7, 2021, it bought, sold, borrowed and returned shares in more than 3,500 transactions.

BEGA CHEESE

Vanguard Group says it has become a substantial shareholder in Bega with 15,179,456 shares or 5.016 percent of the company.

The Valley Forge, Pennsylvania-based Vanguard Group and its entities said that between March 5 and July 2, 2021, they bought, sold and made in specie transactions of shares, at prices ranging from \$5.70 to \$6.51 a share.

Bega fell one cent or 0.2 percent to \$5.39 with 1.4 million shares traded.

NUFARM

Yarra Management Nominees and associates said they have reduced their holding in Nufarm from 24,830,348 shares (6.5385%) to 20,122,290 shares (5.2988%).

The Melbourne-based Yarra Management said that with TA Universal Investment Holdings and Nikko Asset Management, between April 13 and July 1, 2021 it bought 113,718 shares for \$573,957 or \$5.05 a share and sold 4,821,776 shares for \$22,802,681 or \$4.73 a share.

Nufarm was down nine cents or two percent to \$4.38 with 965,631 shares traded.

COSTA GROUP HOLDINGS

Sydney's ECP Asset Management says it has become a substantial shareholder in Costa with 23,093,468 shares or 5.26 percent of the company.

ECP said that between March 11 and July 7, 2021 it bought and sold shares, with the single largest purchase 3,013,276 shares for \$9,210,057 or \$3.06 a share.

Costa fell three cents or 0.9 percent to \$3.24 with 2.2 million shares traded.

SEAFARMS GROUP

Perth's Seafarms executive chair Ian Trahar and Gabor Holdings say their 675,871,221 share-holding has been diluted from 27.90 percent to 24.26 percent.

In June, Seafarms said it raised \$92.5 million at 5.5 cents, “underpinned by largest shareholder” and chair Ian Trahar for its Project Sea Dragon facility with a share plan for a further \$15 million (AVW: Jun 25, 2021)

Seafarms fell 0.1 cents or 1.75 percent to 5.6 cents with 2.2 million shares traded.

SEAFARMS GROUP

Janet Heather Cameron says she has increased her substantial shareholding in Seafarms from 275,170,615 shares (12.32%) to 410,740,285 shares (14.74%).

The Sydney-based Ms Cameron said on July 5, 2021 she acquired 135,548,450 shares for \$7,455,165 or 5.50 cents a share (see above).

SEAFARMS GROUP

The Tokyo-based Nippon Suisan Kaisha says its 283,230,208 share-holding in Seafarms has been diluted from 12.68 percent to 10.17 percent (see above).

CRESO PHARMA

Creso chair Adam Blumenthal says he has reduced his shareholding and was diluted from 146,498,766 shares (16.24%) to 113,665,433 shares (10.31%).

In a separate director's interest notice, Mr Blumenthal said he sold 32,833,333 shares through Anglo Australasia Holdings and Atlantic Capital Holdings at prices 13.585 cents and 14.058 cents a share, along with 87,811,977 listed CPHOA options at nine cents each.

CLEAN SEAS SEAFOOD

IFM Fund Management says it has increased its substantial shareholding in Clean Seas from 18,639,087 shares (14.47%) to 25,832,071 shares (16.28%).

The Principality of Liechtenstein-based IFM Fund Management said between October 12, 2020 and June 24, 2021 it bought and sold shares, with the single largest purchase 4,333,334 shares for 15,909,025 Norwegian Krone (NOK) (\$A2,436,411) or 56.20 cents a share.

IFM said that it converted 743,631 shares for \$529,061 or an average price of 71.15 cents a share.

In an application for quotation of securities, Clean Seas said on July 6, 2021 it converted 1,673,633 convertible securities into ordinary shares.

Clean Seas fell one cent or 1.8 percent to 55 cents.

CLEAN SEAS SEAFOOD

GCI CSS, Hofseth & Nevera say their 10,100,000 shares-holding in Clean Seas has been diluted from 7.84 percent to 6.29 percent.

The New York-based GCI CSS said they were diluted due to issue of shares in the company (see above).

TASFOODS

Agfood Opportunities Fund says it has increased its substantial holding in Tasfoods from 37,739,071 shares (10.72%) to 41,419,779 shares (11.77%).

In a substantial shareholder notice signed by the Melbourne Securities Corp as trustee for the Agfood Opportunities executive chair Paul Jensz said the shares were bought between June 23 and July 6, 2021 at prices ranging from 11.0 cents to 12.4 cents a share. Tasfoods was unchanged at 12.5 cents.

MEMPHASYS

Memphasys says it has appointed the head of its scientific advisory committee Prof John Aitken as the company's research director, effective from July 1, 2021.

Memphasys said Prof Aitken would oversee the evaluation and development of several assisted reproductive biotechnology products and support the commercial development of its Felix sperm separation device.

The company said Prof Aitken's appointment followed his recent retirement from the University of Newcastle.

Memphasys fell 0.3 cents or 4.35 percent to 6.6 cents.