

Ag & Vet Weekly



Monday July 19 – Friday July 23, 2021

All the news on ASX-listed agriculture and veterinary companies

- * **ASX UP, AVW-42 DOWN: NEXT SCIENCE UP 6%; NANOLLOSE DOWN 7%**
- * **FEDERAL \$2m FOR GRAIN, WINE MARKETS ON CHINA LOSS**
- * **COSTA RAISES \$190m, COMPLETES 2PH FARMS ACQUISITION**
- * **ECOFIBRE RECEIPTS DOWN 24% TO \$23m**
- * **NEXT SCIENCE H1 RECEIPTS UP 83% TO \$6.3m**
- * **ELIXINOL H1 RECEIPTS DOWN 28% TO \$5m**
- * **AUSCANN STARTS MARIJUANA DERMACANN FOR DOGS APPLICATION**
- * **MGC TELLS ASX: 'JUNE 23 SLOVENIAN PATENT MATERIAL AT JULY 15'**
- * **CANN GROUP REQUESTS 'PLACEMENT' TRADING HALT**
- * **CRESO: LANDING STRONG TO PROVIDE PTSD TRIAL SUPPORT**
- * **PHARMAUST APPLIES FOR MONEPANTEL PATENT FOR VIRAL DISEASES**
- * **MITSUBISHI, MORGAN STANLEY TAKE 6.7% OF A2 MILK**
- * **BUBS LOSES DIRECTOR MATTHEW REYNOLDS**

MARKET REPORT

The Australian stock market was up 0.11 percent on Friday July 23, 2021, with the ASX200 up 8.0 points to 7,394.4 points. Thirteen of the AVW-42 stocks were up, 16 fell, 11 traded unchanged and two were untraded.

Next Science was the best, up nine cents or 5.8 percent to \$1.64, with 278,446 shares traded. Avecho climbed 5.3 percent; Auscann, Bubs, Ecofibre and Select Harvests were up more than four percent; Anatara improved 3.1 percent; Clean Seas and Memphasys rose one percent or more; with Costa, Huon, Synlait and Tassal up by less than one percent.

Nanollose led the falls, down 0.6 cents or 6.8 percent to 8.2 cents, with 245,596 shares traded. Terragen lost 5.45 percent; Wellnex fell 4.2 percent; Apiam and Food Revolution were down more than three percent; both Fonterra and Ocean Grown Abalone shed 2.2 percent; A2 Milk, Althea, AP Hemp, Murray Cod, Seafarms and Wide Open were down more than one percent; with Bega, Elders and Nufarm down by less than one percent.

FEDERAL GOVERNMENT

The Federal Government says it has awarded \$969,480 to Grains Australia and \$998,000 Australian Grape & Wine to find new markets following the loss of China.

Last year, several Federal Ministers publicly questioned China's role in the coronavirus pandemic calling for an investigation, which resulted in China taking action against imports of Australian barley, wine and beef (AVW: May 22, 2020).

At that time, China accounted for 32.6 percent of Australia's exports, totalling \$153.2 billion a year.

Today, media releases from the Federal Minister for Agriculture David Littleproud said that Grains Australia had been awarded \$969,480 "to develop new export markets for Australian grains, oilseeds and pulses".

"Australian grain is highly regarded in Indonesia, Taiwan, Japan, the Philippines, Vietnam and the subcontinent," Mr Littleproud said.

"But we are under increasing competition from other suppliers and emerging production, particularly from the Black Sea region and Argentina," Mr Littleproud said.

"South East Asian markets are booming and through this grant we will provide virtual workshops to raise awareness of the unique qualities of Australian feed grains for livestock feed rations," Mr Littleproud said.

A separate media release said that Australian Grape & Wine received \$998,000 grant "to explore potentially lucrative new international marketing options for locally produced premium [wine]".

Mr Littleproud said the grant would explore opportunities for the industry to diversify its overseas markets.

"The plan is for this grant to deliver two marketing and promotion [pilot programs] for Australian wine," Mr Littleproud said.

"These [pilot programs] will look to get consumers on board in countries where there is great potential for growth, in this case, Japan and South Korea," Mr Littleproud said.

"There is an enormous amount of untapped potential in these markets, and the more inroads we can make into new markets the better off our winemakers, exporters and grape growers will be," Mr Littleproud said.

The Government said it had invested \$72.7 million to help Australia's agricultural, forestry and fisheries industries diversify and expand their export markets.

COSTA GROUP HOLDINGS

Costa says it had acceptances for \$50 million of a hoped for \$76 million in its fully-underwritten, one-for 6.33, retail rights offer to fund the acquisition of 2PH farms.

Last month, Costa said it expected to raise \$190 million in the institutional and retail rights offer at \$3 a share to fund the \$219 million acquisition of Central Queensland citrus grower 2PH Farms (AVW: Jun 25, 2021).

The following week, Costa said the institutional component raised \$114 million and this week the company said it had retail applications for about \$50 million, leaving a \$26 million shortfall, which was completed through a bookbuild at \$3.32, a premium to the rights offer price.

Costa chief executive officer Sean Hallahan said the company was "very pleased that our retail shareholders strongly supported the equity raising and that value was realised for retail rights sold in the book-build".

"We are pleased to have completed the acquisition of 2PH Farms which provides Costa a larger and stronger citrus business and an attractive growth profile," Mr Hallahan said.

Costa was up one cent or 0.3 percent to \$3.33 with one million shares traded.

ECOFIBRE

Ecofibre says receipts from customers for the year to June 30, 2021 fell 24.05 percent to \$32,866,000 compared to the previous corresponding period.

Ecofibre said that receipts from customers for its marijuana-based pharmacy and material products for the three months to June 30, 2021 were up 9.1 percent to \$7,936,000.

Ecofibre chief executive officer Eric Wang said the US businesses were “beginning to return to normal as Covid-related issues appear to be abating”.

“Our core independent pharmacy channel is recovering, and we look forward to our partners returning to pre-Covid business levels in due course,” Mr Wang said.

Ecofibre was up 3.5 cents or 4.3 percent to 85.5 cents.

NEXT SCIENCE

Next Science says customer receipts for the six months to June 30, 2021 were up 82.9 percent to \$US4,641,000 (\$A6,314,018.9) compared to the prior corresponding period.

Next Science said that receipts from customers from the sales of its wound care products Bactisure, Surgx, Blastx and Xperience for the three months to June 30, 2021 fell 32.3 percent to \$US1,289,000 compared to the previous corresponding period.

The company said it had “record [unaudited] revenue growth” up about 271 percent to \$US3.9 million for the six months to June 30, 2021.

Next Science was up nine cents or 5.8 percent to \$1.64.

ELIXINOL WELLNESS (FORMERLY ELIXINOL GLOBAL)

Elixinol says receipts from customers for the six months to June 30, 2021 fell 28.0 percent to \$5,057,000 compared to the previous corresponding period.

Elixinol said that receipts from customers for its marijuana-derived products for the three months to June 30, 2021 was down 19.0 percent to \$2,471,000.

The company said it had cash equivalents of \$18,965,000 at June 30, 2021 compared to the \$16,768,000 at June 30, 2020.

Elixinol was unchanged at 12 cents.

AUSCANN GROUP HOLDINGS

Auscann says it has begun its application to the Australian Pesticides and Veterinary Medicines Association for its marijuana-based Dermacann for dogs with skin conditions.

Auscann said Dermacann “was shown to be safe and effective at reducing inflammatory skin lesions in dogs diagnosed with atopic dermatitis” in a randomized, placebo-controlled, double-blind study.

The company said dogs treated with Dermacann showed “substantial improvement in canine atopic dermatitis extent and severity index (CADESI-4) scores” with an average reduction of 51 percent compared to a slight increase in the dogs receiving placebo between over 56 days.

Auscann said the safety and toxicology evaluation for the application of its Dermacann for anti-inflammatory and immune support in dogs was led by the company’s head of research and development Dr Margaret Curtis and toxicologist Dr Jeffrey Sherman.

Auscann chief executive officer Layton Mills said that starting the registration pathway was “consistent with Auscann’s objective of bringing safe, clinically developed and tested medicines for human and animal health to meet patients’ unmet health needs”.

Auscann was up half a cent or 4.8 percent to 11 cents.

MGC (MEDICAL GRADE CANNABIS) PHARMACEUTICALS

MGC has told the ASX that it filed a June 23 Slovenian patent application announcement as 'market sensitive' after the market closed on July 15, 2021.

Last week, MGC said it had applied to the Slovenian Intellectual Property Office for a patent covering its "self-nano-emulsifying drug delivery system" for marijuana molecules, but did not include the title or the expected duration of the patent in the announcement (AVW: Jul 16, 2021).

The London-based managing-director Roby Zomer told Ag & Vet Weekly by email on July 16 that the patent was titled 'Cannabinoids-Ionic complex self-nanoemulsifying concentrate and method for preparation thereof' and after publication a further email said it would protect the company's intellectual property until June 2041.

Today, the ASX said that although the announcement was made on July 15 the patent had a priority date of June 30 and asked whether the company considered the announcement contained "information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities".

The ASX cited Section 7.10 of Guidance Note 8 on "ramping".

The ASX said: "Ramping announcements come in many forms, including the release of a 'business update' or something similar, which will typically be worded in an exuberant fashion but which on closer examination contains little in the way of substance that has not already been disclosed to the market or ...an announcement that has no substance but seeks to ride on the back of strong market sentiment in a particular sector".

The ASX said that when it detects "what it suspects to be a ramping announcement, it will give careful consideration to suspending the entity's securities from trading and issuing a query letter to the entity asking the entity: if it marked the announcement as market sensitive when it was lodged ... to identify what information in the announcement the entity considered was market sensitive and why".

The ASX did not ask a direct question relating ramping.

In its reply, MGC said that the formal acceptance was sent from the Slovenian Ministry of Economic Development and Technology to its Slovenian lawyer on June 30, 2021, who sent it to the UK subsidiary, which at the time of the response to the ASX had not been received "and we suspect that this is due to COVID-19 related logistics delays in Europe". The company said that the Slovenian lawyer also sent the letter to patent co-applicant Graft Polymer UK's Slovenian office.

MGC said it waited "for receipt of the original letter to action, but decided to the commence the process of drafting the ASX announcement based on the copy provided by Graft Polymer, in case of extended mail delays".

The company said the announcement was drafted with Graft Polymer UK followed by technical and legal review before providing the board a draft copy on Wednesday July 14.

MGC said that with directors in Australia, the UK and Europe the announcement was released to the ASX "late in the day on July 15".

The company said the patent announcement was material and it was complying with the ASX Listing rules.

MGC was unchanged at 4.2 cents with 7.98 million shares traded.

CANN GROUP

Cann Group has requested a trading halt pending an announcement "regarding a capital raising via placement".

Trading will resume on July 26, 2021 or on an earlier announcement.

Cann Group last traded at 38 cents.

CRESO PHARMACEUTICALS

Creso says Landing Strong will provide follow up support for participants in its proposed trial of psilocybin for post-traumatic stress disorder (PTSD).

Creso said that subsidiary Halucenex Life Sciences had an agreement with the Windsor, Nova Scotia-based Landing Strong mental health organization which provided “structured support for military members, first responders and veterans”.

The company said that the cost of Landing Strong program participation was covered by insurance carriers for the majority of clients

Creso said Landing Strong would provide post-trial support and workplace integration for individuals who participated in the proposed phase II trial of ‘magic mushroom’ psilocybin for treatment-resistant post-traumatic stress disorder, where appropriate.

The company said its trial was expected to begin following receipt of a Controlled Drugs and Substances Dealer’s License from Health Canada (AVW: Mar 19, 2021).

Creso chair Adam Blumenthal said the agreement would “provide a key indicator on how clinical trial participants will be able to return to a sense of normality following the use of psychedelic treatments”.

“Having a real-world example of the benefits that can come from the treatments Halucenex is developing is going to be instrumental in the sector’s future,” Mr Blumenthal said.

Creso was unchanged at 13 cents with 28.8 million shares traded.

PHARMAUST

Pharmaust says it has filed a Patent Cooperative Treaty application to the Australian Patent Office for the use of monepantel and aminoacetonitrile derivatives in viral diseases.

Pharmaust said that the patent, titled ‘Use of aminoacetonitrile compounds for the treatment of infection and disease’, was expected to protect its intellectual property until May 2041.

Pharmaust was unchanged at 9.7 cents.

THE A2 MILK COMPANY

Tokyo’s Mitsubishi UFJ Financial Group says it has increased its substantial holding in A2 Milk from 42,291,591 shares (5.689%) to 50,139,977 shares (6.745%).

Mitsubishi said that, with Morgan Stanley, it bought, sold, borrowed and returned shares between June 4 and July 19, 2021, disclosing 110 pages of trades.

A2 fell 10 cents or 1.45 percent to \$6.78 with 7.7 million shares traded.

BUBS MILK

Bubs says that director Matthew Reynolds retired, effective from July 21, 2021.

The information was contained at the bottom of last week’s announcement on the appointment of Katrina Rathie as a director and was overlooked by the former sub-editor (AVW: Jul 16, 2021).

Bubs was up two cents or 4.2 percent to 49.5 cents with 2.75 million shares traded.