



# Biotech Daily's Ag & Vet Weekly

Monday August 26 – Friday August 30, 2019

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

- \* AUG 30: ASX, AV-38 UP: AVECHO UP 25%; REGENEUS DOWN 17%
- \* BEGA REVENUE UP 13% TO \$1.4b, PROFIT DOWN 59% TO \$12m
- \* HUON REVENUE DOWN 11% TO \$282m, PROFIT DOWN 64% TO 9.5m
- \* NATIONAL VET REVENUE UP 44% TO \$118m, PROFIT UP 29% TO \$8m
- \* APIAM REVENUE UP 5% TO \$112m, PROFIT DOWN 4% TO \$3m
- \* CLEAN SEAS REVENUE UP 11% TO \$46m, PROFIT DOWN 57% TO \$1.5m
- \* ELIXINOL H1 REVENUE UP 17% TO \$17.5m; PROFIT TO \$19m LOSS
- \* CANN REVENUE UP 174% TO \$4m, LOSS UP 131% TO \$11m
- \* OCEAN REVENUE UP 46% TO \$3.5m, LOSS TO \$1m PROFIT
- \* MURRAY COD UP 32% TO \$3.5m, LOSS UP 304% TO \$1m
- \* REGENEUS RIGHTS RAISE \$620k, \$1.8m UNDERWRITTEN
- \* WIDE OPEN AGRICULTURE CLAIMS JULY SALES UP 30%
- \* CLEAN SEAS SEAFOOD LITIGATION UPDATE
- \* ELIXINOL APPOINTS 25<sup>th</sup> GROUP BELGIUM, LUXEMBOURG DISTRIBUTOR
- \* CANN INCREASES MILDURA PRODUCTION FACILITY CAPABILITY BY 40%
- \* CANN GLOBAL T12 TO SUPPLY VITAHEMP TO COSTCO AUSTRALIA
- \* CANN GLOBAL, PHARMOCANN MARIJUANA FOOD, COSMETICS DEAL
- \* MGC APPROVAL FOR SLOVENIAN MEDICAL MARIJUANA RESEARCH
- \* PHARMAUST RECEIVES MONEPANTEL DOG TRIAL TABLETS
- \* COOPER BELOW 5% IN BEGA
- \* ASX REMOVES BOJUN FOR FAILURE TO PAY FEES
- \* RIDLEY LOSES DIRECTOR TIMOTHY HART
- \* APPLICATIONS OPEN FOR AGRIFUTURES' EVOKE AG 2020 CONFERENCE

## MARKET REPORT

The Australian stock market was up 1.49 percent on Friday August 30, with the ASX200 up 96.8 points to 6,604.2 points. Sixteen of the Ag & Vet 37 stocks were up, nine fell, six traded unchanged and six were untraded.

Avecho was the best, up 0.1 cents or 25 percent to 0.5 cents with 8.0 million shares traded. Ocean Grown climbed 20.0 percent; Cann Global was up 9.7 percent; Pharmaust improved 7.1 percent; Fonterra rose 5.4 percent; Nufarm was up 4.1 percent; A2 Milk, Auscann and Creso rose more than two percent; with Apiam, Costa, Elders and Seafarms up more than one percent; and Ecofibre, Elixinol and Tassal up less than one percent.

Regeneus led the falls, down 1.4 cents or 16.7 percent to seven cents with 320,989 shares traded. Anatara lost 10.2 percent; Roots fell 7.0 percent; Murray Cod shed 5.3 percent; Cann Group and Food Revolution shed more than three cents; Clean Seas lost 2.41 percent; Ridley Corp fell 1.4 percent; and Huon down 0.9 percent.

## BEGA CHEESE

Bega says revenue for the year to June 30, 2019 was up 13.4 percent to \$1,419,952,000, with net profit after tax down 58.9 percent to \$11,819,000.

Bega said the revenue was mainly derived from processing, manufacturing and distributing dairy and other food-related products.

The company said that a fully-franked final dividend of 5.5 cents would be paid on October 1, for holders on the record date of September 10, 2019, compared to last year's fully franked 5.5 cents a share dividend.

Bega said that diluted earnings per share fell 63.5 percent from 15.6 cents in the previous year to 5.7 cents for the year to June 30, 2019.

Bega chairman Max Roberts said "the year just passed represents possibly the most difficult year for the dairy industry since deregulation with the last quarter the worst."

"The drought along with high water, feed and power costs have all an impact," Mr Roberts said.

The company said that net tangible asset backing per share was up 14.1 percent from \$1.19 at June 30, 2018 to \$1.36 at June 30, 2019, with diluted earnings per share down 9.9 percent to 5.7 cents and it had cash and cash equivalents of \$28,760,000 at June 30, 2019, compared to \$21,669,000 at June 30, 2018.

Bega was unchanged at \$4.00, with 4.2 million shares traded.

## HUON AQUACULTURE

Huon says that revenue for the 12 months to June 30, 2019 was down 11.3 percent to \$281,955,000 with net profit after tax down 64.2 percent to \$9,452,000.

Huon chief executive officer Peter Bender said revenue came from salmon sales, which had been impacted by challenging environmental conditions but "strong pricing in the domestic market mitigated some of the impact from reduced volumes".

The company said that a 50 percent franked dividend of 3.0 cents would be paid on October 17, for holders on the record date of September 27, 2019.

The company said net tangible asset backing per share rose 0.85 percent to \$3.56, diluted earnings per share were down 64.2 percent to 10.82 cents, with cash and equivalents of \$2,611,000 million at June 30, 2019, compared to \$2,787,000 at June 30, 2018.

Huon fell four cents or 0.88 percent, to \$4.51 with 34,159 shares traded.

### NATIONAL VETERINARY CARE

National Veterinary Care says revenue for the year to June 30, 2019 was up 43.6 percent to \$118,439,000, with net profit after tax up 28.9 percent to \$8,041,000.

National Veterinary Care said the increase in revenue was from the operation of veterinary services businesses throughout Australia and New Zealand.

The company said that a fully franked final dividend of 3.5 cents would be paid on October 2, for holders on the record date of September 9, 2019, compared to last year's fully franked 3.0 cents a share dividend.

National Veterinary Care said that diluted earnings per share rose 17.1 percent from 10.56 cents in the previous year to 12.25 cents for the year to June 30, 2019.

The company said that net tangible asset backing per share was increased 58.15 percent from negative 44.80 cents at June 30, 2018 to negative 70.85 cents at June 30, 2019.

National Veterinary Care said it had cash and cash equivalents of \$19,841,000 at June 30, 2019, compared to \$11,861,000 at June 30, 2018.

National Veterinary Care remained unchanged at \$2.53, with no shares traded.

### APIAM ANIMAL HEALTH

Apiam Animal Health says revenue for the year to June 30, 2019 was up 4.8 percent to \$111,720,000, with net profit after tax was down 4.1 percent to \$3,150,000.

Apiam said the revenue increase was due to its livestock sales, particularly pig and dairy, as well as its agreement with the Gansu, China-based Gansu Charming Sheep Breeder Company to provide consulting advice and genetic export.

The company said that a fully franked final dividend of 8.0 cents would be paid on October 24, for holders on the record date of September 20, 2019.

Apiam managing director Dr Chris Richards said the 2019 financial year "has seen challenging environmental and industry conditions that have impacted many operators within the Australian farming and agricultural industries".

"This has meant despite delivering reported revenue growth, it was not the level we expected and therefore we have not delivered the earnings and returns that we have targeted." Dr Richards said.

The company said that net tangible asset backing per share was reduced from negative six cents at June 30, 2018 to negative four cents at June 30, 2019, with diluted earnings per share down 6.2 percent from 3.21 cents in the previous year to 3.01 cents for the year to June 30, 2019, and it had cash and cash equivalents of \$1,873,000 at June 30, 2019, compared to \$1,436,000 at June 30, 2018.

Apiam rose 0.5 cents or 1.12 percent, to 45 cents with 17,059 shares traded.

### CLEAN SEAS SEAFOOD

Clean Seas says revenue for the year to June 30, 2019 was up 10.8 percent to \$46,149,000, with net profit after tax up down 57.2 percent to \$1,446,000.

Clean Seas said revenue came from the sales of its yellowtail kingfish, with profit down for the re-establishment of farming at its Whyalla-based Fitzgerald Bay facility and a legal action against Gibson's Limited for supplying defective feeds.

The company said that diluted earnings per share fell 60.0 percent from 4.22 cents in the previous year to 1.69 cents for the year to June 30, 2019.

The company said that the previous years' cash and cash equivalents of \$5,534,000 was now a negative \$6,271,000 following a bank overdraft of \$7,275,000.

Clean Seas fell two cents or 2.41 percent, to 81 cents with 49,518 shares traded.

### ELIXINOL GLOBAL

Elixinol says revenue for the six months to June 30, 2019 was up 17.3 percent to \$17,455,000 with last year's \$299,000 net profit after tax turned to a loss of \$9,837,000. Elixinol said revenue was from its hemp products, with North American revenue for hemp-derived cannabidiol (CBD) products of \$14,511,000, Australian revenue for hemp-based products of \$1,620,000 and rest of the world revenue for both CBD and hemp-based products of \$1,324,000.

The company said it expected its Pet Releaf 25 percent interest and RFI, LLC strategic partnership to drive growth for the six months to December 31, 2019.

Elixinol said diluted earnings per share of 0.12 cents at June 30, 2018 was turned to diluted loss per share of 7.74 cents, with net tangible asset backing per share up 284.6 percent to 71.00 cents.

The company said it had cash and cash equivalents of \$48,141,000 at June 30, 2019 compared to \$14,171,000 at June 30, 2018.

Elixinol was up two cents or 0.87 percent, to \$2.31 with 654,469 shares traded.

### CANN GROUP

Cann says revenue for the year to June 30, 2019 was up 173.8 percent to \$3,994,857 with net loss after tax up 131.2 percent to \$10,926,317.

Last year, Cann said it had a maiden revenue of \$616,000 from the sale of medical marijuana products to the Victoria Government for its paediatric epilepsy trial (BD: Aug 23, 2018).

Today, the company said it had revenue from customers of \$2,347,668, interest of \$1,644,702 and other revenue of \$2,487 compared to the year to June 30, 2018 which had revenue from customers of \$560,000, interest of \$897,745 and other revenue of \$1,544.

Cann said revenue came from its contract with the Victoria Government Department of Health to supply cannabis resin.

The company said that diluted loss per share was up 105.3 percent to 7.8 cents compared to 3.8 cents in the previous corresponding period, with net tangible assets per share down 12.4 percent to 54.4 cents.

The company said it had cash and cash equivalents at June 30, 2019 of \$46,388,192, compared to \$49,566,890 at June 30, 2018.

Cann Group was down seven cents or 3.61 percent, to \$1.87 with 564,024 shares traded.

### OCEAN GROWN ABALONE

Ocean Grown says revenue for the year to June 30, 2019 was up 45.7 percent to \$3,509,353, turning last year's loss after tax of \$3,312,243 into a profit of \$1,033,625.

Ocean Grown said the profit was primarily due to an increase in its abalone sea snail farming business, with sales up 53.1 percent to \$2,837,250 and harvest volumes up 44.4 percent to 55.0 tonnes.

The company said that last year's basic loss per share of 2.10 cents had been turned to a basic earnings per share of 0.59 cents.

Ocean Grown said that net tangible asset backing per share was up 5.3 percent from 9.4 cents at June 30, 2018 to 9.9 cents at June 30, 2019.

Ocean Grown said it had cash and cash equivalents of \$2,571,694 at June 30, 2019, compared to \$7,415,975 at June 30, 2018.

Ocean Grown climbed 2.5 cents or 20 percent, to 15 cents with 677,978 shares traded.

### MURRAY COD AUSTRALIA

Murray Cod says revenue for the year to June 30, 2019 was up 32.1 percent to \$3,483,059, with net loss after tax up 303.8 percent to \$1,082,892.

Murray Cod said revenue was from sales of its Murray Cod fish, with sales in the US and a contract with the Australian Embassy in Tokyo.

The company said that net tangible asset backing per share was constant at 3.0 cents at June 30, 2019.

The company said it had cash and cash equivalents of \$3,010,181 at June 30, 2019, compared to \$2,076,942 at June 30, 2018.

Murray Cod fell one cent or 5.26 percent, to 18 cents with 23,421 shares traded.

### REGENEUS

Regeneus says it has raised \$620,157 of a hoped for \$3.2 million in its one-for-six rights issue at eight cents a share.

Earlier this month, Regeneus said rights issue was partially underwritten by directors, with \$1.4 million in directors' loans to be converted into equity and \$400,000 to be contributed by directors Barry Sechos and Glen Richards (BD: Aug 1, 2019).

Today, Regeneus said the \$1.4 million in directors' loans and \$400,000 in cash would be converted into 17.5 million shares and 5.0 million shares.

The company said it had a shortfall of 9,437,872 shares and the directors had the right to place any shortfall shares within three months of the closing date.

Regeneus fell 1.4 cents or 16.67 percent, to seven cents with 476,165 shares traded.

### WIDE OPEN AGRICULTURE

Wide Open Agriculture says sales of its beef was up 30.1 percent for the month to July 31, 2019 to \$55,000, compared to \$42,000 for its first month of sales in June.

Wide Open Agriculture said its regenerative, grass-fed beef and lamb had \$105,000 in sales to the Western Australia food and restaurant sectors in the last two months.

Wide Open Agriculture managing director Dr Ben Cole said that "early food service sales have been greater than expected, with buyers responding not just to the amazing taste and quality, but to the provenance of our regeneratively farmed meat".

"We are currently negotiating the retail roll-out of our meat products, which will be followed by the launch of a range of value-added meat and plant-based products to diversity our customer base and grow revenue," Dr Cole said.

Wide Open Agriculture remained unchanged at 11.5 cents with no shares traded.

### CLEAN SEAS SEAFOOD

Clean Seas Seafood says the Supreme Court of South Australia has allowed it to file an amended claim for its litigation against Gibson's Ltd.

Clean Seas said the new trial date would be February 24, 2020, with the legal action relating to apparent defective feeds supplied to the company by Gibson's between December 2008 and July 2012.

The company said the amended claim was in light of recent documents disclosed in the litigation, saying that Gibson's had substituted a proportion of 'prime fish meal' that was required in Clean Seas' yellowtail kingfish product, with a cheaper tuna by-product, changing the taurine content of the product.

Clean Seas said Gibson's had until September 13 to respond to the amended claim.



### ELIXINOL GLOBAL

Elixinol says it has a five-year exclusive distribution agreement with 25th Group for its Elixinol branded hemp and cannabidiol products in Belgium and Luxembourg. Elixinol said the agreement with the Brussels-based 25th Group was “based on achievement of minimum annual sales targets”.

The company said that the 25<sup>th</sup> Group would be a co-distributor for the Netherlands and Switzerland.

The company did not provide details of the minimum sales targets.

Elixinol chief executive officer Stratos Karousos said the agreement would allow “Elixinol to establish a dominant position across central Europe and launch Elixinol branded products throughout retail channels in Benelux and Switzerland”.

### CANN GROUP

Cann says it has redesigned its Mildura, Victoria-based greenhouse to increase production of dry cannabis flower by 40 percent each year.

Cann said the increased production would produce up to 70,000 kilograms of cannabis flower a year, increasing expected revenues by 21.4 percent to \$280 million a year, based on the current wholesale price of cannabis dry flower.

The company said it expected the facility to be complete by January 1, 2021, with cultivation of mother plants to begin by October 1, 2020.

Cann said the medical marijuana manufactured at the facility would supply domestic and international markets under its five-year, \$10.75 million agreement with Aurora Cannabis (BD: Mar 19, 2019).

### CANN GLOBAL (FORMERLY QUEENSLAND BAUXITE)

Cann Global says it will supply its Vitahemp hemp oil capsules to retailer Costco Australia through its subsidiary T12.

Cann Global said the first purchase order was for 6,900 bottles, subject to delivery and acceptance, and that it expected more orders of other T12 products to follow.

Cann Global food division head Eli Levy said the sale was “a major step towards building a strong relationship with the global wholesaler who currently have 11 locations Australia and a 12th to open soon in Perth”.

The company disclosed no information relating to financial details of the deal.

Cann rose 0.3 cents or 9.68 percent to 3.4 cents with 35.5 million shares traded.

### CANN GLOBAL (FORMERLY QUEENSLAND BAUXITE)

Cann Global says it has an agreement with Pharmocann to produce and manufacture marijuana-based food additives and cosmetics at Sydney’s Bio Health facility.

Cann Global said the agreement, through its wholly-owned subsidiary Medcann, would manufacture the Jezreel, Israel-based Pharmocann’s cannabis-based food additives in Australia, which would be marketed under the Cann Global label for distribution in Australia, Asia and other international markets.

Cann Global executive chairperson Pnina Feldman said the company hoped “that Pharmocann’s range of cannabis and hemp products will significantly add to our revenues with their amazing formulas for skin care for men and women being prepared for immediate production”.

### MGC (MEDICAL GRADE CANNABIS) PHARMACEUTICALS

MGC says it has approval for a “large-scale research project on cannabis for medical purposes” with the Žalec-based Slovenian Institute of Hop Research and Brewing. MGC said the research would focus on the cultivation of marijuana and the standardization of post cultivation production processes of active pharmaceutical ingredients derived from phyto-cannabinoids.

The company said the research would take place at the Institute of Hop Research’s facilities, which was large enough for MGC commercial activities.

MGC said it hoped the research would allow the company to lower production costs and manufacture cost effective medicine.

MGC chief executive officer Romy Zomer said the research project would further the company’s aim of creating “cost effective standardized medicines to treat under-served indications ... around the world, and to maintain our position as market leaders in research and tapping the full emerging potential of diverse phyto-cannabinoids as active pharmaceutical ingredients.”.

MGC was unchanged at 3.9 cents, with 21,605 shares traded.

### PHARMAUST

Pharmaust says it has received 7,750 good manufacturing practice-grade monepantel tablets for its trial in dogs with B cell lymphoma.

Pharmaust said it expected to begin delivery of the tablets to veterinarians conducting the trial this week.

Pharmaust was up 0.7 cents or 7.14 percent to 10.5 cents with 877,151 shares traded.

### BEGA CHEESE

The Melbourne-based Cooper Investors says it has ceased its substantial shareholding in Bega Cheese.

Cooper said that between August 2 and 29, 2019 it sold 3,517,594 shares at prices ranging from \$4.00 to \$4.27.

In a substantial shareholder notice filed on August 5, 2019, Cooper said it held 13,626,077 shares in Bega (6.36%).

Ag & Vet Weekly calculates that Cooper continues to hold 10,108,483 shares or 4.73 percent of the company.

### ASX SUSPENSION

The ASX says it has removed Bojun Agriculture from the official list for failing to pay the annual listing fee.

Last week, the ASX said it had suspended Bojun Agriculture and Jiajiafu Modern Agriculture for failing to pay the annual listing fee (AVW: Aug 23, 2019).

The ASX said companies that did not pay the listing fee for the year to June 30, 2020 by the close of trading on Wednesday August 28, 2019 would be removed that day.

### RIDLEY CORP

In a final director’s interest notice, Ridley says director Timothy Hart ceased to be a director on July 1, 2019.

Ridley was down 1.5 cents or 1.37 percent, to \$1.08 with 1.3 million shares traded.

### AGRIFUTURES, EVOK AG 2020

Agrifutures says applications are now open for next year's Evoke AG conference to be held at Melbourne's Royal Exhibition Building, from February 18 to 19, 2020.

Agrifutures said the conference would showcase technology and start-ups within the agriculture and food industries, giving companies a platform to "showcase their ideas to an international audience, build their customer base and help solve today's global agricultural challenges".

The organization said this year's conference had more than 1,100 delegates from different industries across the world and was the Asia Pacific's largest agriculture and food technology event.

Agrifutures said there would be four new opportunities for local and international start-ups at the 2020 conference, ranging from exhibitions to pitches.

Agrifutures managing director John Harvey, said the new start-up program would "complement the wider event program ... [and had] a renewed focus on exposing start-ups to an international audience".

"This is an opportunity to network, build relationships and take your business to the next level." Mr Harvey said,

The organization said the first two programs called 'The Startup Showcase' would provide a platform for start-ups to present their ideas to an audience, with a local showcase followed by an international one.

Agrifutures said the third event, 'Startup Alley', would provide up to 40 agriculture and food start-ups a place to exhibit their products at the conference.

The organization said the final program would be an investor pitch, in which start-ups would pitch directly to an invitation-only investor audience over dinner.

For more information about the conference go to: <https://evokeag.com/> and for information on the programs go to: <https://evokeag.com/2020-startup-program/>.

Applications close on Friday, September 13, 2019.