

Ag & Vet Weekly



Monday October 17 - Friday October 21, 2022

All the news on ASX-listed agriculture and veterinary companies

- * **ASX, AVW-42 DOWN: RIDLEY UP 5%; ROOTS DOWN 12.5%**
- * **COSTA CITRUS COSTS HIT FORECAST EARNINGS**
- * **BEGA: VITA INTERNATIONAL HOPES TO TAKE 100% OF VITASOY J-V**
- * **WELLNEX PLACEMENT, SHARE PLAN RAISE \$6m**
- * **ANATARA PLACEMENT FOR \$865k, RIGHTS OFFER FOR \$832k**
- * **ROOTS PLACEMENT FOR \$650k**
- * **MEDIA REPORTS ON CRESO, EX-CHAIR ADAM BLUMENTHAL**
- * **MICROBIOGEN OPENS SYDNEY MICRO-ORGANISMS LAB**
- * **NEXT SCIENCE COMBINES COLLAGEN WITH BLASTX**
- * **BOTANIX: 13m DIRECTORS RIGHTS, 5m OPTIONS AGM**
- * **VANGUARD TAKES 5% OF ELDERS**
- * **SYNLAIT APPOINTS NAICHE NOGUEIRA, PAUL MALLARD EXECUTIVES**
- * **FOOD REVOLUTION LOSES REJECTED DIRECTOR MINNA RONG**
- * **BOTANIX PROMOTES COO HOWIE MCKIBBON TO CCO FOR FDA REVIEW**

MARKET REPORT

The Australian stock market fell 0.8 percent on Friday October 21, 2022, with the ASX200 down 53.9 points to 6,676.8 points. Nine of the AVW-42 stocks were up, 16 fell, nine traded unchanged and eight were untraded.

Ridley was the best, up 10 cents or 4.8 percent to \$2.18, with 624,733 shares traded. Creso, Murray Cod and Wellnex climbed more than three percent; Memphasys and Next Science rose two percent or more; with Clean Seas, Nufarm and Synlait up by one percent or more.

Roots led the falls, down 0.05 cents or 12.5 percent to 0.35 cents, with 1.2 million shares traded. Both Ecofibre and Wide Open fell 4.55 percent; Bubs lost 3.2 percent; Anatara, Bega, Fonterra and RLF shed more than two percent; Apiam, Australian Agricultural, Botanix, Cobram and Select Harvests were down one percent or more; with A2, Clover and Elders down by less than one percent.

COSTA GROUP

Costa says it expects its earnings to be “considerably lower than previously forecast ... [but] marginally ahead of last year’s results” due to increased citrus crop costs.

Costa said that earnings before interest, taxes, depreciation, amortization, and stock-based compensation (Ebitdas) for citrus crops had been impacted by “adverse weather conditions” resulting in lower quality levels across all citrus regions and reduced volumes of fruit for export, with an increase in labor costs as well as higher pest and disease control related costs.

The company said that berries, tomatoes, mushrooms and avocados were in line with expectations and “notwithstanding the Ebitdas being lower than previously forecast, debt levels and related ratios remain comfortably manageable for the group”.

Costa was unchanged at \$2.23 with 1.9 million shares traded.

BEGA CHEESE

Bega says Hong Kong’s Vita International Holdings intends to buy Bega’s 49 percent interest in its joint venture Vitasoy Australia Products Pty Ltd, at an undecided price.

Bega said it acquired the 49 percent interest in Vitasoy Australia as part of its \$534 million acquisition of Sydney-based Lion Dairy & Drinks, and that Vita International held the remaining 51 percent interest, as well as “change of control” rights (AVW: Jan 29, 2021). The company said that the change of control rights, or “call option”, allowed Vita to acquire all shares held by Bega’s subsidiary National Foods Holdings for a price agreed upon or determined by an independent expert during a 90-day period commencing from the end of October 2022.

Bega said that in an announcement to the stock exchange of Hong Kong, Vitasoy reported that “the Australian Foreign Investment Review Board has issued a no-objection notification, which confirms the Australian Government has no objections to the potential acquisition... resulting in Vita International holding 100 percent of the issued share capital in Vitasoy Australia”.

“It is the intention of the board of Vita International to exercise the call option,” Bega quoted Vitasoy International saying.

Bega said that it “recognizes the growing market importance of plant-based beverages and products and will assess its options to continue involvement in this sector if its interest in Vitasoy Australia is acquired by Vita International”.

Bega fell seven cents or 2.2 percent to \$3.12 with 974,716 shares traded.

WELLNEX LIFE

Wellnex says it has raised \$2.815 million in an oversubscribed share plan at 7.5 cents a share, and placed \$3.15 million for a total of \$5.965 million.

In September, Wellnex said it hoped to raise \$2 million in a share plan at 7.5 cents a share for a marijuana-based products joint-venture with the Victoria-based Onelife Botanicals (AVW: Sep 16, 2022).

Today, the company said that the plan was oversubscribed to \$2,815,000 and it raised additional \$3.15 million in a strategic investment predominantly from Homart Pharmaceuticals.

Wellnex said the funds would be used to fund its joint venture with Onelife Botanicals in developing an over-the-counter medical marijuana product for Australia, providing Wellnex with manufacturing and product expertise, as well as an export network.

Wellnex was up 0.3 cents or 3.7 percent to 8.4 cents.

ANATARA LIFESCIENCES

Anatara says it has “firm commitments” to raise \$865,000 in a placement at 3.5 cents a share, and will offer a one-for-three non-renounceable rights offer to raise \$832,000.

Anatara said that participants in the placement and entitlement offer would receive one attaching option for two new shares, exercisable at seven cents by December 11, 2025.

The company said that the capital raising was at a 23.9 percent discount to the 4.6 cents closing price on October 18, 2022.

Anatara said that the record date for the rights offer was October 26, it would open on October 31 and close on November 21, 2022.

The company said that the funds would be used to “reach interim read-out in the form of a futility analysis on stage 1 of the irritable bowel syndrome trial”.

Anatara said Taylor Collison was the lead manager, with Candour Advisory its advisor.

Anatara fell 0.1 cents or 2.2 percent to 4.5 cents.

ROOTS SUSTAINABLE AGRICULTURAL TECHNOLOGIES

Roots says it has “firm commitments” to raise \$650,000 in a placement at 0.3 cents a share, a 25 percent discount to the five-day volume-weighted average price.

Roots said that each placement share would have an attaching option, exercisable at 0.5 cents within five years.

The company said that director and Everblu Capital chair Adam Blumenthal would subscribe for \$200,000 of the placement, subject to shareholder approval.

Roots said funds were for sales and marketing, payment of \$365,000 in loans and working capital with the loans payable seven days after the capital raising.

The company said that Everblu was the lead manager and would be issued 10 million Chess depository instruments and attaching options, subject to shareholder approval.

Roots fell 0.05 cents or 12.5 percent to 0.35 cents with 1.2 million shares traded.

CRESO PHARMA, EVERBLU CAPITAL

Ag & Vet Weekly is aware of media reports on Creso Pharma and its founder and former chair Adam Blumenthal.

Last year, the Australian Securities and Investments Commission (ASIC) told Ag & Vet Weekly that it had raided the offices of Everblu Capital, an investor in Creso and Roots Sustainable and other companies, including the delisted Esense (AVW: Nov 19, 2021).

The chair of Everblu, Adam Blumenthal was at that time the chair of Creso and Roots.

A spokesperson for ASIC told Ag & Vet Weekly that the Australian Federal Police exercised warrants on behalf of the Commission in relation to “certain market activities, among other things” and at the time of publication no one had been charged.

Later that month, Creso said ASIC had required documents, chair Adam Blumenthal had stood aside and James Ellingford was interim chair (AVW: Nov 26, 2021).

The company said that an ASIC notice “identified for the first time that ASIC’s investigation includes suspected contraventions by the company, its officers, agents, employees and representatives in relation to trading in its securities ... [and] it should not be construed as an indication by ASIC that a contravention of the law has occurred, nor should it be considered a reflection upon any person or entity,” Creso said.

Last week, Creso said that Ben Quirin and Jodi Scott would be appointed directors replacing founder Adam Blumenthal, who resigned effective from October 10, and the company intended to change its name to Melodial Global Health (AVW: Oct 14, 2022).

Creso was up 0.1 cents or 3.1 percent to 3.3 cents with 1.7 million shares traded.

MICROBIOGEN

Microbiogen says it has opened its \$5 million Macquarie Park, Sydney, research and development laboratories to produce micro-organisms essential to industries.

Microbiogen said its yeast products were used in biofuels, alternative proteins, space exploration, sustainable human foods and animal feed and could be used “to address global concerns around energy and food production”.

Microbiogen said the Federal Minister for Climate Change and Energy Senator Jenny McAllister formally opened the 1,250 square metre (13,456 square feet) building, with the Member for the House of Representatives electorate of Bennelong Mr Jerome Laxale. The company said the laboratories would attract “top scientific talent” to New South Wales and enable Microbiogen to double its skilled scientific workforce to around 40 scientists. Microbiogen said it was spun-out from Macquarie University, to develop “specialized and bespoke strains of the common yeast *Saccharomyces cerevisiae*, also known as baker’s yeast”.

Microbiogen chief executive officer Geoff Bell told Ag & Vet Weekly that the company’s yeast was “able to reduce the level of anti-nutritionals such as phytic acid in bread to also improving the amino acid profile in bread”.

“Other areas also include more efficient and natural production of anti-oxidants such as glutathione,” Mr Bell said.

Mr Bell said the laboratories would “allow us to expand our research capabilities, putting Microbiogen and Australia at the forefront of global biotech and sustainable innovation ... [and attract scientists] who can help Microbiogen advance its micro-organisms”.

“Exports currently make up 100 per cent of our revenues so it is essential that our facilities and our scientists are also the best in the world,” Mr Bell said.

Microbiogen said the facility included fermentation laboratories, a genetics laboratory and preparation rooms, equipped with robots, high performance liquid chromatography and minus 80°C freezers.

Microbiogen is a private company.

NEXT SCIENCE

Next Science says it has launched a range of collagen products for use with its Blastx anti-microbial gel.

Next Science said it was also developing an integrated Blastx Collagen product to “fully preserve the efficacy of both Blastx and collagen” and intended to submit a 510(k) application to the US Food and Drug Administration.

The company said that it would conduct a user study on the combination of Blastx with collagen to provide “clinical evidence for the combined use of the two wound care technologies”.

Next Science said Blastx would be provided to patients enrolled in the study who were prescribed collagen treatment “to add proven infection control to their healing strategy”.

The company said that case studies had shown that augmenting collagen treatment with Blastx pushed “a stalled surgical wound or unhealed pressure ulcer back to healing, with wound closure shown to occur at between two and four weeks” while standard wound care healing usually took 12 to 16 weeks.

The company said that as part of this submission, it had registered as a durable medical equipment manufacturer with US Medicare.

Next Science said that durable medical equipment manufacturer status would allow it to “expand its wound care business footprint, substantially”.

Next Science was up 1.5 cents or two percent to 76 cents.

BOTANIX PHARMACEUTICALS

Botanix says its annual general meeting will vote to issue 13,000,000 performance rights to directors and 5,000,000 incentive options to director Dr Stewart Washer.

Botanix said that shareholders would vote to issue 6,000,000 incentive performance rights to executive chair Vincent Ippolito, 3,500,000 rights to executive director Matthew Callahan, 1,500,000 rights to chief scientific officer and director Dr William Bosch and 1,000,000 rights each to directors Dr Washer and Danny Sharp, for nil consideration, expiring in four years.

The company said the meeting would vote to issue Dr Washer 5,000,000 options exercisable at 10.2 cents each, the five-day volume-weighted average price of its shares to March 2022, by March 22, 2025.

Botanix said shareholders would vote to approve an increase of termination benefits and accept an updated employee incentive plan, which would increase the maximum issue of securities to employees to 150,000,000 shares.

The company said the meeting would vote to re-elect Mr Sharp and Dr Washer as directors, adopt the remuneration report, approve the 10 percent placement facility, and ratify several resolutions in relation to a prior placement and directors' participation.

The meeting will be held at D2, 661 Newcastle Street, Perth on November 23, 2022 at 9am (AWST)

Botanix fell 0.1 cents or 1.5 percent to 6.4 cents.

ELDERS

Vanguard says it has become substantial in Elders with 7,839,970 shares or 5.010 percent of the company.

The Pennsylvania-based Vanguard said that in more than 100 transactions between June 17 and October 17, 2022, it bought and sold shares at prices ranging from \$11.36 to \$13.33 a share in Elders, with the largest single acquisition 50,843 shares, at \$12.39 a share.

Elders fell seven cents or 0.6 percent to \$12.39 with 246,132 shares traded.

SYNLAIT MILK

Synlait says it has appointed two executives, Naiche Nogueira as head of advanced nutrition and Paul Mallard as head of strategy, innovation and corporate affairs.

Synlait said that both appointments would be effective from January 16, 2023.

The company said that Mr Nogueira had about 20 years of experience in the dairy industry, currently working as Fonterra's general-manager of fast-food partnerships and previously working for Australian and New Zealand-based dairy companies.

Synlait said Mr Mallard had worked for Fonterra for 12 years, was currently its general-manager of sales and marketing and had previously worked for Rally of New Zealand.

Synlait was up cents or 0.7 percent to \$2.79.

BOTANIX PHARMACEUTICALS

Botanix says it has promoted chief commercial officer Dr Howie McKibbon to chief operating officer, who will prepare for a US review of its sofipironium bromide.

Botanix said Dr McKibbon would focus on preparing for the US Food and Drug Administration review point for its sofipironium bromide new drug application for patients with excessive sweating, expected by April, 2023 (AVW Sep 30, 2022).

FOOD REVOLUTION GROUP

Food Revolution says Minna Norman Rong has retired as non-executive director, following the 67.1 percent opposition to his re-election at its annual general meeting. Last week, the company said that 67.1 percent of its annual general meeting opposed the election of Mr Rong (AVW: Oct 14, 2022).

Today, Food Revolution chair Norman Li thanked Mr Rong “for his exceptional service to the company over the last six years”.

The company said a new director would be announced in the “coming weeks” and that an independent director would “further assist in the corporate governance and management of the business”.

Food Revolution was unchanged at 2.9 cents.