

Ag & Vet Weekly



Monday October 10 - Friday October 14, 2022

All the news on ASX-listed agriculture and veterinary companies

- * **ASX, AVW-42 UP: FOOD REVOLUTION UP 17%; ANATARA DOWN 8%**
- * **APIAM BUYS HARRADINE & ASSOCIATES FOR \$2.6m CASH, SCRIP**
- * **RIDLEY M-D QUINTEN HILDEBRAND 717k RIGHTS AGM**
- * **BOTANIX BTX1702 10% 'SAFE AND WELL-TOLERATED' FOR ROSACEA**
- * **WELLNEX J-V ONELIFE BUYS MEDIPHARM**
- * **CANN GROUP RECRUITS MARIJUANA SLEEP TRIAL**
- * **FOOD REVOLUTION AGM DUMPS MINNA RONG, MISSES 1st STRIKE**
- * **ALLAN GRAY TAKES 11.8% OF NUFARM**
- * **VANGUARD TAKES 5% OF NUFARM**
- * **EX-CHAIR ALAN BEASLEY TAKES 9% OF EPSILON**
- * **FONTERRA APPOINTS JOHN NICHOLLS TO MANAGEMENT BOARD**
- * **QUIRIN, SCOTT REPLACE CRESO FOUNDER BLUMENTHAL; NAME CHANGE**

MARKET REPORT

The Australian stock market was up 1.75 percent on Friday October 14, 2022, with the ASX200 up 116.2 points to 6,758.8 points. Eighteen of the AVW-42 stocks were up, 13 fell, six traded unchanged and five were untraded.

Food Revolution was the best, up 0.4 cents or 16.7 percent to 2.8 cents, with 5.5 million shares traded. Avecho and Next Science climbed 10 percent or more; RLF was up 6.9 percent; Pharmaust rose 5.4 percent; Epsilon and Ridley were up more than four percent; Botanix and Cann Group improved more than three percent; Clean Seas, Elders and Nufarm rose more than two percent; Australian Agricultural, Bega, Costa, Select Harvests and Tasfoods were up one percent or more; with Synlait up by 0.7 percent.

Anatara led the falls, down 0.5 cents or 8.3 percent to 5.5 cents, with 20,000 shares traded. Wide Open lost 6.1 percent; both Elixinol and Murray Cod were down 5.9 percent; Althea fell 4.4 percent; Nanollose was down 3.2 percent; Ecofibre shed 2.3 percent; A2, Bubs, Clover and Cobram were down one percent or more; with Fonterra and Tassal down by less than one percent.

APIAM ANIMAL HEALTH

Apiam says it will buy the Bunbury, Western Australia-based Harradine & Associates for \$2.6 million in cash and scrip, to acquire two animal health businesses.

Apiam said it would pay for the business with 80 percent, or \$2,080,000, in cash and 20 percent, or \$520,000 in scrip.

The company said Harradine & Associates generated \$4.4 million in revenue for the year to June 30, 2022 from its mixed animal hospital in Bunbury and a companion animal clinic Dalyellup, about 170km south-west of Perth.

Apiam said the acquisition would complement its predominantly pigs and poultry operations in Western Australia.

Apiam managing-director Dr Chris Richards said the acquisition was "an important expansion into an attractive region for us".

"We see strong growth potential in regional Western Australia, with opportunities to introduce new services and products into these veterinary markets," Dr Richards said.

"We look forward to continuing to assess further opportunities in this region and continuing to deliver on our accelerated growth strategy in the year ahead," Dr Richards said.

Apiam was unchanged at 73 cents.

RIDLEY CORP

Ridley says shareholders will vote on the issue of 716,905 performance rights to managing-director Quinten Hildebrand, as well as increasing the director's pay pool.

Ridley said Mr Hildebrand would receive up to 716,905 performance rights, which, based on a volume-weighted average price for the five days to July 1, 2022 of \$1.77, was worth \$1,268,922 equivalent to 170 percent of his fixed remuneration.

The company said the rights would vest in two tranches, with the first tranche based on Ridley's average annualized earnings before interest, tax, depreciation and amortization (Ebitda), divided by average annualized funds employed; and the second tranche based on total shareholder return.

Ridley said shareholders would also vote on whether to increase the directors' pay pool 21.4 percent from \$700,000 to \$850,000, the remuneration report and the election of directors Rhys Jones and Julie Raffae.

Ridley was up 9.5 cents or 4.9 percent to \$2.05 with 561,821 shares traded.

BOTANIX PHARMACEUTICALS

Botanix says its 133-patient, phase Ib trial of BTX1702 synthetic cannabidiol for rosacea "showed statistically significant results" in reducing inflammatory lesions.

Botanix said the primary endpoints of safety and tolerability were met, and that only in the 20 percent BTX1702 gel did patients encounter any "localized and minor" adverse events. Botanix said that on six exploratory endpoints, BTX1702 outperformed the vehicle, with the lower 10 percent dose outperforming the higher 20 percent dose.

Botanix executive chair Vince Ippolito said the company was "very pleased with the outcomes of this study and the statistically significant performance of the 10 percent BTX1702 synthetic [cannabidiol] dose against the Permetrex vehicle alone".

"Going into this study, we wanted to push the dose of synthetic [cannabidiol] to test the safety and efficacy boundaries in this serious form of rosacea and this has been successfully achieved," Mr Ippolito said. "The outcomes show that the drug is safe at high doses, but also very effective at the lowest tested dose."

Botanix was up 0.2 cents or 3.2 percent to 6.5 cents.

WELLNEX LIFE

Wellnex says its joint venture partner Onelife Botanicals has acquired medical marijuana manufacturer Medipharm Labs Australia for an undisclosed sum.

In July, Wellnex said it had a 50-50 joint venture with the Berwick, Victoria-based Onelife, a licenced marijuana producer able to produce 20 tonnes of product each year, to manufacture, distribute and sell registered medical marijuana and hemp-based products (AVW: Jul 22, 2022).

Today, the company said that the Wonthaggi, Victoria-based Medipharm acquisition included the assets of its Australian facility, specialized licencing, operational knowledge, and its Australian and New Zealand customers.

Wellnex said that the acquisition allowed it to enter the special access market (SAS), valued at about \$500 million a year, with product available by the end of 2022, as well as allow it to gain approval for an over-the-counter medicinal cannabis product under Schedule 3 classification.

Wellnex said it had begun the process to obtain Schedule 3 classification, which allowed pharmacists to dispense medical marijuana products without a prescription, and it expected registration by the end of 2023.

The company said that on approval, it would be issued a four percent stake in Onlife.

Wellnex chief executive officer George Karafotias said that its joint venture partner Onelife had acquired Medipharm's "state-of-the-art medicinal cannabis facilities in Australia".

"Importantly, this acquisition puts Wellnex a step closer to obtaining approval for over-the-counter medicinal cannabis products under Schedule 3 classification... [and] opens up a new, untapped market for medicinal cannabis products that don't require a prescription, and has considerable public demand," Mr Karafotias said.

"We are keenly focused on being one of the first companies to deliver a Schedule 3 product to the market," Mr Karafotias said.

Wellnex was unchanged at 8.7 cents.

CANN GROUP

Cann Group says it has enrolled more than 212 patients in its phase III, low-dose Satipharm cannabidiol (CBD) capsules for short-term sleep disturbance.

In February, Cann Group said it would begin the randomized, double-blind, placebo-controlled trial of its marijuana-based Satipharm capsule for short-term sleep disturbances and the study was part of a registration program to secure Australia approval for a Schedule 3 over-the-counter CBD product (AVW: Feb 18, 2022).

Today, the company said it would conduct a follow-up analysis to "determine if the participant numbers are adequate to detect statistical significance and provide a definitive study outcome" and that favorable results would support the registration of Satipharm capsules as a Schedule 3 medicine.

Cann Group said that the Surrey, England-based consumer healthcare company Haleon had previously secured an exclusive evaluation and option agreement for the marketing and sale of over-the-counter Satipharm capsules in Australia and the study was a "pivotal milestone in progressing towards a definitive commercial agreement with Haleon".

Cann Group chief executive officer Peter Crock said the company was "pleased to have reached this milestone with our medicine registration strategy".

"Recruiting participants for clinical trials has become more difficult following Covid, so we are happy to report that this study is proceeding well, and we look forward to sharing the results in the coming months," Mr Crock said.

Cann Group was up one cent or 3.85 percent to 27 cents.

FOOD REVOLUTION GROUP

Food Revolution annual general meeting has rejected the re-election of Minna Norman Rong as a director and narrowly avoided a remuneration report first strike.

Food Revolution said 272,353,365 votes (67.1%) opposed the re-election of Mr Rong, with 133,522,420 votes (32.9%) in favor.

The company said there were 59,963,620 votes (23.92%) against the remuneration report with 190,697,999 votes (76.08%) in favor.

Under the Corporations Amendment (Improving Accountability on Director and Executive Remuneration) Act 2011 any company sustaining a vote of 25 percent or more against the remuneration report in two successive annual meetings is required to vote on a board spill and at the later meeting and if passed by more than 50 percent of votes the directors must stand for re-election.

Food Revolution said the 10 percent placement facility was approved overwhelmingly.

According to its most recently filing, the company had 946,761,672 shares on issue, meaning that the votes against Mr Rong the remuneration report amounted to 28.8 percent of the company, sufficient to requisition extraordinary general meetings.

Food Revolution was up 0.4 cents or 16.7 percent to 2.8 cents with 5.5 million shares traded.

NUFARM

Allan Gray Australia Pty Ltd says it has increased its substantial holding in Nufarm from 41,063,068 shares (10.81%) to 44,902,420 shares (11.81%).

The Sydney-based Allan Gray said that between June 21 and October 6, 2022 it bought 5,133,846 shares for \$26,523,326 or an average of \$5.17 a share, and sold 1,294,494 shares for \$7,007,763 or an average of \$5.41 a share.

Nufarm was up 13 cents or 2.6 percent to \$5.19 with 1.9 million shares traded.

NUFARM

The Philadelphia, Pennsylvania-based Vanguard Group Inc says it has become substantial in Nufarm with 19,011,407 shares or 5.001 percent.

Vanguard said that between June 8 and October 5, 2022 it bought and sold shares at prices ranging from \$4.87 to \$5.51 a share.

EPSILON HEALTHCARE (FORMERLY THE HYDROPONICS COMPANY)

Former chair Alan Beasley says he has become substantial in Epsilon with 26,739,516 shares or 9.01 percent.

In 2021, Epsilon said 64.31 percent of votes at its annual general meeting voted founder and former Hydroponics chair Mr Beasley off the board (AVW: Jul 30, 2021).

Last month, Epsilon said it had appointed Mr Beasley as a director (AVW: Sep 23, 2022).

Today, the Central Coast-based Mr Beasley said he bought shares between September 12 and 23, with the single largest purchase on September 21, of 17,647,059 shares for \$750,000 or 4.2 cents a share.

Epsilon was up 0.1 cents or 4.55 percent to 2.3 cents.

FONTERRA SHAREHOLDERS' FUND

Fonterra says Co-op director John Nicholls will replace Donna Smit as a director of the FSF Management Co, effective from November 14, 2022.

Last month, Fonterra said that Ms Smit would retire as director of FSF Management Co, the manager of the Fonterra Shareholder's Fund, at its annual meeting in November (AVW: Sep 23, 2022).

Today, the company said Mr Nicholls was elected to the Fonterra board in 2018 and owned "several mid-Canterbury dairy farms forming part of the Rylib Group" based in Christchurch, New Zealand.

The company said Mr Nicholls held a Bachelor of Agriculture from Massey University in Palmerston North, New Zealand.

Fonterra fell one cent or 0.4 percent to \$2.74.

CRESO PHARMA

Creso says Ben Quirin and Jodi Scott will replace founder Adam Blumenthal as directors and it intends to change its name to Melodial Global Health.

Creso said that Mr Blumenthal had resigned effective from October 10, 2022.

The company said that Mr Quirin was formerly a Canopy Growth Corp executive, and that it would seek shareholder approval to issue him 2,000,000 options, exercisable at four each by October 10, 2024 as an equity-based incentive component to his remuneration package.

Creso said that as part of its Sierra Sage Herbs LLC acquisition in August, it appointed Ms Scott as an executive director and that Ms Scott had already been employed as head of US operations of Sierra (AVW: Sep 2, 2022).

The company said that Ms Scott held a Master of Science from Texas State University in Austin.

Creso said that pending shareholder approval it intended to change its name to Melodial Global Health to "assist in best capturing the essence of the diversified operations of the group" stemming from a number of recent acquisitions and a broader strategy to position it for further merger and acquisition opportunities in the US and other markets.

The company said that Medlodial was a nod to its "focus on combining traditional plant-derived remedies with modern scientific expertise to bring safe, natural and efficacious products to market for a growing group of source-conscious consumers".

Creso was unchanged at 3.2 cents with 7.7 million shares traded.