

# Ag & Vet Weekly



Monday December 12 - Friday December 16, 2022

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

- \* **ASX, AVW-41 DOWN: ANATARA UP 9%; TERRAGEN DOWN 14%**
- \* **FONTERRA, NESTLÉ SELL DAIRY PARTNERS FOR \$195m**
- \* **SELECT HARVESTS: 30,000MT 2023 CROP FORECAST; M-D DAVID SURVEYOR**
- \* **NEXT SCIENCE \$10m WALKER GROUP CONVERTIBLE NOTES**
- \* **ALTHEA SHARE PLAN RAISES \$873k; TOTAL \$2.4m**
- \* **APIAM COMPLETES \$6.5m HUNTER EQUINE ACQUISITION**
- \* **WELLNEX ACQUIRES MR BRIGHT; PHARMACY OWN LAUNCH**
- \* **ROOTS \$160k 2<sup>nd</sup> ELITE AGRO UNITED ARAB EMIRATES ORDER**
- \* **PHARMAUST \$654k FEDERAL R&D TAX INCENTIVE; REPAYS RADIUM**
- \* **ANATARA EGM 47% OPPOSE ADVISOR OPTIONS**
- \* **ROOTS EXTENDS \$1m RIGHTS OFFER CLOSING DATE**
- \* **ELDERS TAKES 11.3% OF PGG WRIGHTSON FOR \$35.2m**
- \* **CENTRAL T TAKES 14.2% OF RLF**
- \* **JEFF KENNETT REPLACES FOOD REVOLUTION CHAIR NORMAN LI**
- \* **WIDE OPEN: JAY ALBANY CEO ON \$248k; DR BEN COLE EXECUTIVE**
- \* **SELECT HARVESTS APPOINTS MICHELLE SOMERVILLE DIRECTOR**
- \* **SYNLAIT LOSES BOYD WILLIAMS**

## MARKET REPORT

The Australian stock market fell 0.78 percent on Friday December 16, 2022, with the ASX200 down 56.1 points to 7,148.7 points. Ten of the AVW-41 stocks were up, 16 fell, 10 traded unchanged and five were untraded.

Anatara was the best, up 0.3 cents or 8.6 percent to 3.8 cents, with 155,500 shares traded. Clean Seas and Next Science climbed more than six percent; Elixinol was up 5.3 percent; Pharmaust improved 4.7 percent; Murray Cod and Nanollose were up more than three percent; with Apiam, Cobram and Ridley up by less than one percent.

Terragen led the falls, down 1.4 cents or 14 percent to 8.6 cents, with 28,919 shares traded. MGC and RLF lost more than seven percent; A2, Cann Group and Nufarm shed more than two percent; Australian Agricultural, Botanix, Bubs, Elders, Fonterra and Wellnex were down more than one percent; with Bega, Costa, Select Harvests and Synlait down by less than one percent.

### FONTERRA SHAREHOLDERS FUND

Fonterra and Nestlé say they will sell their Dairy Partners Americas Brazil joint venture to the Laval, France-based dairy company Lactalis for BRL700 million (\$A195 million). Fonterra said that with Nestlé, it created Dairy Partners in 2003 to manufacture and commercialize dairy products in Latin America, and in 2014, the venture refocused its activities on Brazil and chilled dairy, operating two plants and employing 1,300 people. The company said it owned 51 percent stake of Dairy Partners, with Nestlé holding 49 percent, and expected to complete the sale by mid-2023, subject to regulatory approvals. Fonterra said that Dairy Partners had been for sale since 2020, but it was delayed by Covid-19-related market conditions.

Fonterra chief executive officer Miles Hurrell said the sale was aligned with his company's strategy of "prioritizing its New Zealand milk pool".

"Dairy Partners Americas Brazil has reached maturity as an investment for us, and the sale allows us to prioritize our resources to the businesses that are core to our strategy," Mr Hurrell said.

Fonterra fell six cents or 1.9 percent to \$3.03.

### SELECT HARVESTS

Select Harvests says it expects a 2022-'23 almond crop of 30,000 million tonnes (MT), and managing-director David Surveyor starts on February 20, 2023 (AVW: Nov 11, 2022). Select Harvests said that the 30,000MT forecast was a 2.6 percent increase from the 29,250MT crop in 2021-'22.

The company said that weather conditions had been cooler and wetter than normal but that tree health had remained good and it was forecasting increased growing costs due to increases in fertilizer and agricultural chemical prices.

Select Harvests said that it had made "no sales commitments for [its] 2023 crop".

Select Harvests managing-director Paul Thompson said "similar to previous years the trading market has remained quiet at this time of year".

"Most customers have acquired their inventory for the Christmas and Chinese New Year consumption peak," Mr Thompson said.

"Market pricing has remained flat... [and] we do not anticipate any positive movement until there is a clearer picture of the US 2023 crop potential post bloom and any further acreage removals in mid-February," Mr Thompson said.

Select Harvests fell three cents or 0.7 percent to \$4.06 with 783,363 shares traded.

### NEXT SCIENCE

Next Science says it has a \$10,000,000 convertible notes deed with 38.90 percent shareholder Walker Group Holdings Pty Ltd.

In July, Walker Group and Auckland Trust Co said they had increased and been diluted in Next Science from 76,072,938 shares (39.53%) to 83,547,061 shares (38.90%).

Today, Next Science said the note had a conversion price of 72 cents a share, with a 10 percent interest rate per annum if the notes were redeemed or a five percent interest rate per annum if the notes were converted.

Next Science said that it intended to convene a shareholder meeting in "early February, 2023" to seek shareholder approval for the convertible notes.

Walker Group founder and executive chair Lang Walker said his "belief in Next Science's XBio technology is as strong today as it was when I first invested in Next Science".

Next Science was up 4.5 cents or 6.9 percent to 69.5 cents.

### ALTHEA GROUP HOLDINGS

Althea says it has raised \$873,136 of a hoped for \$2,500,000 share plan at 6.7 cents a share, taking the total raised to \$2,373,136.

Last month, Althea said it had “firm commitments” to raise \$1.5 million in a placement and hoped to raise \$2.5 million in a share plan at 6.7 cents a share (AVW: Nov 4, 2022).

Today, the company said the funds would be used the launch several medical marijuana products and for working capital.

Althea said it was in negotiations for facility for purchasing stock to fund increasing sales.

Althea was unchanged at 6.3 cents.

### APIAM ANIMAL HEALTH

Apiam says it has completed its acquisition of Hunter Equine Centre for \$6.5 million in cash and scrip, effective December 8, 2022.

Earlier this month, Apiam said it would buy the Hunter Valley, New South Wales-based Hunter Equine Centre for \$6,000,000 in cash and \$500,000 in scrip, or 623,501 shares, for its dedicated equine veterinary business (AVW: Dec 2, 2022).

This week, Apiam managing-director Dr Chris Richards said that Hunter Equine was Apiam’s “fourth high-performance equine acquisition in the past 18 months, bringing highly skilled equine staff and significant industry knowledge and specialist facilities”.

“It also continues our accelerated growth strategy which targets pro-forma revenues of more than \$300 million by ... [July 2024] as well as greater earnings leverage,” Dr Richards said.

Apiam was up half a cent or 0.8 percent to 66.5 cents.

### WELLNEX LIFE

Wellnex says it has completed its acquisition of teeth whitening brand Mr Bright, and will launch its Pharmacy Own brand in January 2023.

In September, Wellnex said it would acquire the Mr Bright teeth-whitening brand for \$1.5 million in shares or the five-day volume-weight average price prior to settlement (AVW: Sep 9, 2022).

This week, the company said that the acquisition of Mr Bright would allow it to enter the “oral cosmetic and care market ... [providing an] immediate uplift in revenue and profitability”.

Wellnex said its Pharmacy Own brand was “on track to launch ... in January 2023,” and would offer over the counter products.

Wellnex fell 0.1 cents or 1.45 percent to 6.8 cents.

### ROOTS SUSTAINABLE AGRICULTURAL TECHNOLOGIES

Israel’s Roots says it has a second order worth \$160,000 with the Abu Dhabi, United Arab Emirates-based Elite Agro for its heat exchange probes cooling technology.

In August, Roots said Elite Agro would pay \$US105,000 (\$A151,350) for its heat exchange probes for root-zone cooling system, and in November, said it had begun installation for the Elite Agro Coffee House project (AVW: Aug 19, Sep 30, 2022).

Today, the company said that the sales to Elite Agro followed the recent enactment of the Israel and United Arab Emirates free trade agreement and marked “an exciting new market opportunity” for Roots.

Roots was unchanged at 0.2 cents with 3.3 million shares traded.

## PHARMAUST

Pharmaust says it has received \$654,109 from the Australian Tax Office under the Federal Government Research and Development Tax Incentive program.

Pharmaust said the rebate related to research and development expenditure for the year to June 30, 2022.

The company said that it repaid its \$229,400 loan from Radium Capital for early access to the rebate, and banked \$424,709 (AVW: May 20, 2022).

Pharmaust was up 0.3 cents or 4.7 percent to 6.7 cents.

## ANATARA LIFE SCIENCES

Anatara says its extraordinary general meeting faced 47.33 percent opposition to the issue of 3,500,000 advisor options to Taylor Collison and Candour Advisory Pty Ltd.

Anatara said that all other resolutions passed easily, but that the resolution to issue 2,000,000 options to the Adelaide-based stockbroker Taylor Collison and 1,500,000 options to the Adelaide-based corporate advisory firm Candour, all exercisable at seven cents each on or before December 11, 2025, faced 11,023,632 votes (47.33%) against, and 12,269,453 votes (52.67%) in favor.

According to its most recent filing, Anatara had a total of 97,050,120 shares on issue, meaning the votes against the advisor options amounted to 11.35 percent of the company, sufficient to requisition extraordinary meetings.

Anatara was up 0.3 cents or 8.6 percent to 3.8 cents.

## ROOTS SUSTAINABLE AGRICULTURAL TECHNOLOGIES

Roots says it will extend its closing date until January 16, 2023, for its up-to \$1,028,133 one-for-three rights offer at 0.3 cents per Chess depository interest (CDI).

In November, Roots said the rights offer would have one attaching option for every two CDIs, exercisable at 0.5 cents each within five years issue, and that the offer would close on December 15, 2022 (AVW: Dec 2, 2022).

At that time, the company said Everblu Capital Pty Ltd was the non-underwritten offer's lead manager and would receive six percent of funds raised, included the same number of options as offer participants, less 10 percent, pending shareholder approval.

Everblu chair, Adam Blumenthal, is the chair of Roots.

## ELDERS

Elders says it has acquired 11.295 percent of the Christchurch-based PGG Wrightson for \$NZ37.1 million (\$A35.2 million), or \$NZ4.35 (\$A4.12) a share.

Elders said that PGG Wrightson was a public "full-service agricultural supplies and services" company, listed on the New Zealand Stock Exchange, with a market capitalization of about \$NZ312 million and employed more than 1,800 people at 170 locations in New Zealand.

The company said that it acquired the 11.295 percent stake by private sale, funded through its existing debt facilities, and that it did "not currently intend to initiate a proposal to acquire control of [PGG Wrightson]".

Elders fell 14 cents or 1.35 percent to \$10.22 with 1.5 million shares traded.

### RLF (RURAL LIQUID FERTILISERS) AGTECH

The West Gosford, New South Wales-based Central T says it has become substantial in RLF with 12,776,070 shares or 14.198 percent of the company.

Central T said that on April 20, 2022 it bought 10,000,000 shares at 20 cents a share and on December 7 it bought 2,776,060 shares at 15 cents a share.

In April, RLF raised \$8.5 million at 20 cents a share in an initial public offer to list on the ASX and further commercialize its plant nutrition products (AVW: Apr 22, 2022).

RLF fell 1.5 cents or 7.9 percent to 17.5 cents.

### FOOD REVOLUTION GROUP

Food Revolution says Jeffrey Gibb Kennett will replace Norman Li as non-executive chair, who will remain a director, effective December 15, 2022.

Food Revolution said Mr Kennett had “extensive experience” with more than 40 years in government and commerce, and that he was the Premier of Victoria from 1992 until 1999, and leader of the opposition of Victoria from 1982 until 1989, and from 1991 until 1992.

The company said that Mr Kennett was the founder and chair of Beyond Blue, chair of The Torch organization which “works with incarcerated Indigenous men and women” and the CT Management Group and previously chair of Equity Trustees, a director of Seven West Media and president of Hawthorn Football Club.

Food Revolution said that Mr Kennett would be paid in both equity and cash, and that it proposed to grant him up to 20,000,000 shares, vesting over three years, subject to shareholder approval and his continued employment.

Food Revolution was unchanged at 3.5 cents with 1.5 million shares traded.

### WIDE OPEN AGRICULTURE

Wide Open Agriculture says it has appointed Jay Albany as its chief executive officer, with founder Dr Ben Cole to transition from managing-director to executive director.

Wide Open said Mr Albany was most recently the head of Dirty Clean Food, and previously was the head of corporate strategy at New York’s Maxdelivery.

The company said Mr Albany would be paid a base salary of \$247,656 a year with a short-term incentive of up-to 40 percent of the base salary, and a long-term incentive of up-to 50 percent of the base salary.

Wide Open Agriculture was unchanged at 24 cents.

### SELECT HARVESTS

Select Harvests says it has appointed Michelle Somerville as a non-executive director.

Select Harvests said that Ms Somerville had worked at KPMG as an audit partner for about 14 years, and was a director of Financial Ltd and the GPT Group.

### SYNLAIT MILK

Synlait says Boyd Williams has resigned as “director of people and culture”.

Synlait said that Mr Williams joined Synlait in 2016 and would relocate “home to Australia”.

Synlait fell three cents or 0.9 percent to \$3.45.

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