

Ag & Vet Weekly



Monday May 22 - Friday May 26, 2023

All the news on ASX-listed agriculture and veterinary companies

- * **ASX UP, AVW-42 EVEN: NEXT SCIENCE UP 24.5%; SUSTAINABLE NUT DOWN 8%**
- * **WELLNEX TO RAISE \$27.5m, BUY PAIN AWAY FOR \$22m**
- * **IMMERSION: NISSUI INVESTS IN ASPARAGOPSIS SEAWEED**
- * **ELIXINOL PLAN RAISES \$1m; TOTAL \$2.25m**
- * **FONTERRA FARMGATE MILK MIDPOINT \$7.56/kgMS**
- * **RLF \$3.3m 2nd VIETNAM DISTRIBUTION DEAL**
- * **CLOVER CORP LOWERS REVENUE GUIDANCE TO \$77m TO \$82m**
- * **TERRAGEN: MYLO IMPROVES MILK YIELD, REDUCES CYCLE TIME**
- * **AVECHO LICENCES TPM FOR CANCER TO ARTHUR GROUP**
- * **PHARMAUST READY FOR 3rd MND MONEPANTEL DOSE**
- * **NANOLLOSE RECEIVES \$374k FEDERAL R&D TAX INCENTIVE**
- * **AGRIFUTURES: BOOKINGS OPEN FOR RURAL WOMEN'S AWARDS NIGHT**
- * **ALLAN GRAY TAKES 14% OF NUFARM**
- * **L1 CAPITAL TAKES 9.8% OF NUFARM**
- * **CITIGROUP BELOW 5% IN COSTA**
- * **WILSON TAKES 5.35% OF RIDLEY**
- * **ORIGINAL JUICE: ADAM BROOKS DIRECTOR, ASHLEY BOTTRELL CO SEC**
- * **CFO JOSEPHINE LORENZ REPLACES ELIXINOL CO SEC TERESA CLEARY**
- * **ROBIN JOHNSTON REPLACES BUBS CFO IRIS REN**

MARKET REPORT

The Australian stock market was up 0.23 percent on Friday May 26, 2023, with the ASX200 up 16.6 points to 7,154.8 points. Twelve of the AVW-42 stocks were up, 11 fell, 13 traded unchanged and six were untraded.

Next Science was the best, up 12 cents or 24.5 percent to 61 cents, with 168,407 shares traded. RLF climbed 20 percent; Rare Foods was up 4.1 percent; Costa was up 3.9 percent; Ecofibre rose 2.6 percent; Apiam, Bega, Elders and Nufarm were up more than one percent; with Australian Agricultural, Fonterra and Synlait up by less than one percent.

Sustainable Nutrition led the falls, down 0.1 cents or 7.7 percent to 1.2 cents, with 336,114 shares traded. Anatara and Clover lost more than six percent; Biogene fell 5.3 percent; Elixinol was down 3.1 percent; Althea and Botanix shed more than two percent; A2 lost 1.1 percent; with Cobram, Ridley and Select Harvests down by less than one percent.

WELLNEX LIFE

Wellnex says it will buy the Sydney-based Pain Away for \$22 million in cash, including \$1.15 million of its over-the-counter pain remedy inventory.

Wellnex said Pain Away was “the largest Australian-owned topical pain relief brand and the number two provider of topical pain relief products in Australia”.

The company said that it intended “to fully-fund payment of the purchase price through equity financing” at five cents a share.

Wellnex said it would raise \$2.2 million in an initial placement, \$5.3 million in a non-renounceable, one-for-four entitlement offer and \$20 million in a second placement.

The company said that the five cents offer price was a 5.6 percent discount to the closing price on May 17, 2023.

Wellnex said the rights offer record date was June 16, it would open on June 20 and close on July 12, 2023.

The company said that for every share issued under the initial placement, investors would to receive one option exercisable at 10 cents within two years.

Wellnex said that Salter Brothers and JB Advisory were appointed the lead managers, with Holding Redlich legal advisers to the capital raising.

The company said that Pain Away developed and manufactured “topical pain relief products focused on joint and muscle pain using all natural ingredients” and came as creams, sprays, patches, lotions, tablets, capsules and bath salts.

Wellnex company said Pain Away products were sold at more than 6,000 Australian pharmacies as well as grocery chains including Woolworths, Coles and Aldi.

The company said Pain Away expected to have revenue of \$13.7 million for the year to June 30, 2023

Wellnex chief executive officer George Karafotias said the company was excited to extend the brand into new categories in the market, including pet health.

Wellnex was in a suspension at 5.3 cents.

IMMERSION GROUP

Immersion says Tokyo’s Nissui Corp has made an undisclosed “cornerstone investment” to produce the red seaweed, cattle feed additive Asparagopsis.

Immersion says the funds, which Ag & Vet Weekly believes to be a “multi-million dollar investment” would assist the construction of a \$3 million to \$5 million, onshore

Asparagopsis taxiformis production factory near Geelong, Victoria.

The company said that the factory would supply Asparagopsis taxiformis trials in Australia and Japan.

Last year, Ag & Vet Weekly reported that a Commonwealth Scientific and Industrial Research Organisation 28-cow, farm-based trial which showed that a 0.2 percent Asparagopsis supplement added to daily feed reduced a cow’s methane output by 98 percent (AVW: Feb 18, 2022).

This week, Nissui chief executive officer Singo Hamada said the investment was “an important step for the company to capitalize on the growing momentum behind Asparagopsis as a methane-reducing feed additive for ruminant livestock”.

Mr Hamada said the investment would facilitate the expansion of a new seaweed division at Nissui.

Immersion chief executive officer Scott Elliott said the investment would allow it to “scale the company’s proprietary onshore production technique for Asparagopsis and move into other geographies globally”.

Immersion is a private company.

ELIXINOL WELLNESS

Elixinol says it has raised \$685,000 in a share plan at 1.8 cents a share, with a further \$315,000 underwritten by Canaccord Genuity (Australia) Pty Ltd.

Last month, Elixinol said it had commitments for a \$1.25 million placement and a \$1.0 million underwritten share plan, with one-for-one attaching options exercisable at 2.0 cents a share within two years (AVW: Apr 6, 2023).

Today, Elixinol said shareholders would vote at its annual general meeting to issue 17,499,953 shares and 6,000,000 options to Canaccord for underwriting the share purchase plan and a further 125,000,000 options to participants in the capital raising.

Elixinol said the funds would be used to support the proposed acquisition of the Sustainable Nutrition Group, near-term growth initiatives, working capital and costs.

Last year, Elixinol said it would acquire Sustainable Nutrition through a scheme of arrangement for about \$4 million in scrip (AVW: Dec 2, 2022)

Elixinol fell 0.05 cents or 3.1 percent to 1.55 cents with four million shares traded.

FONTERRA SHAREHOLDERS FUND

Fonterra says its 2023-'24 forecast farmgate milk price is \$NZ7.25 to \$NZ8.75 (\$A6.85 to \$A8.27) KgMS, with the midpoint \$NZ8.00 (\$A7.56).

Last month, Fonterra said the previous 2022-'23 forecast was \$NZ8.00 to \$NZ8.60 per kilo of milk solids, and the farmgate midpoint was \$NZ8.30 (AVW: Apr 6, 2023).

This week, the company said reduced demand from China had impacted its forecast.

Fonterra chief executive officer Miles Hurrell said the company expected demand to "gradually strengthen over the course of FY24 as China's economy continues to recover from Covid-19".

"However, the timing and extent of this remains uncertain, with China's in-market whole milk powder stocks estimated to be above normal levels following increased domestic production," Mr Hurrell said.

Fonterra was up one cent or 0.3 percent to \$3.66.

RLF (RURAL LIQUID FERTILISERS) AGTECH

RLF says it has a distribution deal with Ho Chi Minh City's Cong Ty TNHH Kona Crop Science, with an initial sales and purchase target of \$3.3 million.

RLF said Kona would sell RLF's crop nutrition products at its more than 400 distribution sites.

The company said Kona was its second Vietnamese distributor, following existing distribution partner Vinco.

RLF chief executive officer Ken Hancock said the deal showed "further growth for our sales network in South-East Asia and the expansion of our brand throughout the region".

"Kona is known as a progressive and aggressive marketer in this highly valuable market, and we know they will represent RLF Products with dedication and support," Mr Hancock said.

"We continue to deploy product throughout the region, utilising our newly established office and local workforce as they work closely alongside our in-country distribution partners to drive market visibility of RLF's innovative technology," Mr Hancock said.

RLF was up three cents or 20 percent to 18 cents.

CLOVER CORP

Clover says it expects revenue for the year to June 30, 2023 to be between \$77 million to \$82 million, compared to \$80 million to \$90 million previously announced.

Clover said a Chinese trading licence, for which it was applying, had increased its nutritional requirements, to include a minimum of 15 milligrams of docosahexaenoic acid for every 100,000 calories in infant formula.

The company said it had already developed inventory for the previous licence requirements and had to redevelop its infant formula accordingly, but expected to return to normal sales when its inventory was worked through and it had secured more licences.

Clover fell eight cents or 6.25 percent to \$1.20.

TERRAGEN HOLDINGS

Terragen says a dairy cattle study showed its Mylo microbial feed supplement improved milk yield by 10.1 percent and reproductive performance.

Last year, Terragen said a study at the Victorian Government-supported Ellinbank Smartfarm in Gippsland showed Mylo caused a 7.5 percent difference in methane emissions and 21 percent greater weight gain in cows (AVW: Apr 22, 2022).

Today, the company said a separate 16-month, baseline dose of Mylo trial of 122 cows in Harrisville, Queensland was designed to further its knowledge of the feed supplement's benefit for dairy cows and calves and the potential to reduce methane emissions.

Terragen said the study found that Mylo treated cows, after calving had an additional 2.3 litres of milk a day ($p < 0.05$) and an 8.1 percent average peak milk production, or 2.6 litres a day of greater peak flow ($p < 0.05$).

Terragen said the study showed that Mylo had reproductive benefits, with first insemination in the treatment group 9.6 days shorter than the untreated group which meant a greater potential for the cow to be pregnant sooner, with an earlier calf rate.

The company said this was "a major indicator of profitability" as it cut costs by reducing a cow's number of non-productive days and reducing costs of reproductive intervention.

Terragen was untraded at 2.4 cents.

AVECHO BIOTECHNOLOGY (FORMERLY PHOSPHAGENICS)

Avecho says it will licence its tocopheryl phosphate mixture (TPM) to Arthur Group LLC to develop a series of five TPM solubilized cancer drugs.

Avecho said it had shown TPM could dissolve poorly-water soluble injectable drugs in safer, clinical preferred dosage forms that would otherwise require adverse solvents that risked a range of adverse side effects.

The company said the Monmouth Junction, New Jersey-based Arthur Group focused on the research and development, manufacturing and marketing of pharmaceutical products and could develop tablets, capsules, injections, semi-solid and other dosage forms.

Avecho did not disclose the terms of the agreement but said it would receive 30 percent of licencing revenue and 30 percent of the net profit from commercialization of the products.

Avecho chief executive officer Dr Paul Gavin said Arthur Group would start with "initial formulation screening of its licenced drugs to determine which [were] most compatible with TPM [with] the most receptive drugs to be prioritized first".

The company said Arthur Group would pay for all formulation and development, non-clinical testing, clinical trials and registration, and it expected the initial formulation step to take 12-to-18 months.

Avecho was unchanged at 0.5 cents with 1.3 million shares traded.

PHARMAUST

Pharmaust says the trial safety committee has no reported safety issues or serious adverse events in its phase I/II trial of monepantel for motor neuron disease.

Pharmaust said subject to pharmacokinetic data confirming absorption in cohort 2 as it did for cohort 1, all six cohort 1 patients would be elevated to cohort 3 and receive an increased dosage.

Pharmaust director Sam Wright told Biotech Daily that cohort 1 received 2mg/kg once daily with planned dose escalations to 4mg/kg, 6mg/kg and 10mg/kg but that actual dose escalations might differ based on safety monitoring committee reviews following 28 days of treatment at each dose level.

The company said it had collected and submitted blood samples from all 12 patients for an interim analysis of the trial.

Pharmaust was unchanged at 7.6 cents.

NANOLLOSE

Nanollose says it has received \$374,063 from the Australian Taxation Office under the Federal Government Research and Development Tax Incentive Program.

Nanollose said the incentive related to research and development expenditure for the year to June 30, 2022.

Nanollose was untraded at 4.4 cents.

AGRIFUTURES AUSTRALIA

Agrifutures says that tickets are on sale for its Rural Women's Awards night at the Great Hall, Parliament House, Canberra on September 12, 2023.

Agrifutures said the event would support "significant professional development opportunities".

The organization said that Westpac Bank would provide \$45,5000 through grants of \$1,500 to each of the seven national finalists, \$20,000 to the national winner and \$15,000 for the runner up.

Agrifutures said that each state and territory winner would receive a \$15,000 Westpac grant for their project, business or program as well as access to professional development opportunities and alumni networks.

Agrifutures managing director John Harvey said the award acknowledged the committed network of community leaders who were dedicated to creating positive impact in rural and regional Australia.

"The event is an opportunity to celebrate the contribution of the 2023 National Finalists, and we look forward to celebrating the achievements of these remarkable women," said Mr Harvey.

Tickets are available at: <https://agrifutures.eventsair.com/2023-agrifutures-rural-womens-award-gala-dinner-and-national-announcement/register/Site/Register>.

NUFARM

Allan Gray Australia Pty Ltd says it has increased its substantial holding in Nufarm from 48,739,527 shares (12.81%) to 53,450,937 shares (14.05%).

The Sydney-based Allan Gray said that between March 22 and May 17, 2023 it bought 4,711,410 shares for \$25,783,220, or \$5.47 a share.

Nufarm was up eight cents or 1.5 percent to \$5.47 with 827,018 shares traded.

NUFARM

Melbourne's L1 Capital says it has increased its substantial share-holding in Nufarm from 28,626,243 shares (7.52%) to 37,227,481 shares (9.78%).

L1 Capital Pty Ltd said it bought the shares between April 19 and May 24, 2023, with the single largest purchase 3,911,405 shares for \$21,998,593 or \$5.62 a share.

COSTA GROUP HOLDINGS

Citigroup Global Markets Australia Pty Ltd says it has ceased to be a substantial shareholder in Costa.

The Sydney and New York-based Citigroup said on May 18, 2023 it disposed of 23,360,313 shares through contracts entered into in the ordinary course of business and 1,909,381 shares subject to a securities lending agreement.

Earlier this month, Citigroup said that it had increased its substantial holding in Costa to 31,504,794 shares (6.7795%) (AVW: May 12, 2023).

Ag & Vet Weekly calculates that Citigroup holds 6,235,100 shares or 1.34 percent of Costa.

Costa was up 10 cents or 3.9 percent to \$2.64 with 2.3 million shares traded.

RIDLEY CORP

Wilson Asset Management Group says it has become substantial in Ridley with 17,106,889 shares or 5.35 percent.

The Sydney-based Wilson said that between January 19 and May 22, 2023, it bought shares in more than 120 transactions, with the single largest purchase on March 8 of 1,050,829 shares for \$2,210,502, or \$2.10 a share.

Ridley fell one cent or 0.5 percent to \$1.905 with 1.3 million shares traded.

ORIGINAL JUICE COMPANY

Original Juice says it appointed Adam Brooks as a non-executive director and chief financial officer Ashley Bottrell as joint company, effective from May 22 and 19, respectively.

Original Juice said Mr Brooks was a partner at the law firm Thomson Geer and worked in mergers and acquisitions and corporate law.

Mr Brooks LinkedIn page held a Bachelor of Laws from the University of Melbourne and a Master of Laws from Monash University.

The company said that Mr Bottrell would replace Daniela Stojanoska who had taken parental leave from May 22 and Mr Bottrell would continue as chief financial officer.

Original Juice was unchanged at 10 cents.

ELIXINOL WELLNESS

Elixinol says chief financial officer Josephine Lorenz will replace Teresa Cleary who resigned as joint company secretary, effective from May 23, 2023.

Elixinol said that Sarah Prince was a joint company secretary.

BUBS AUSTRALIA

Bubs says its chief financial officer Iris Ren has resigned “for domestic reasons” and will be replaced in the interim by Robin Johnston.

Bubs said Mr Johnston was an experienced chief financial officer having worked at public and private companies including Forty Winks, Dindas and Metcash.

Bubs was unchanged at 18.5 cents with 1.2 million shares traded.