Avivagen Announces CEO Update to Shareholders

OTTAWA, Ontario--(BUSINESS WIRE)--January 26, 2022--Avivagen Inc. (TSXV:VIV, OTCQB:VIVXF) ("Avivagen" or the "Company"), a life sciences corporation focused on developing and commercializing products for livestock, companion animal and human applications that safely enhances feed intake and supports immune function, thereby supporting general health and performance, announces a CEO update to shareholders.

To our shareholders,

2021 was a year of challenge for all industries, with the global feed production industry no exception. With higher input costs that could not be passed along to consumers, ongoing COVID-19 pandemic concerns and worldwide supply chain challenges, many producers experienced financial difficulties and retrenchment, impacting every supplier they do business with – including Avivagen[i].

However, it appears that the environment is now becoming more favourable. After a period of delays numerous important Avivagen customers tell us they expect to ramp up activities in 2022. In turn, purchases of OxC-beta™ Livestock are anticipated to scale up, reaching volumes more in line with previous expectations. We're seeing continued progress with trials and regulatory processes, and discussions with prospective customers, potential distribution partners and stakeholders worldwide are advancing.

We feel we are in the early days of resuming our growth plans and we are excited for what is on the horizon. Given developments in the broader market and within our Company, we feel now is a suitable time to provide and update on the recent progress that has been made and our outlook on the months and year ahead.

New leadership for a new stage of growth

As a part of our ongoing commitment to building the best possible team for the future of our business, we recently announced the appointment of Jamie Nickerson to the role of President, effective January 25, 2022. Jamie has been a core member of the Avivagen team for 15 years, most recently becoming the main contact with many of our most important and lucrative relationships and developing new applications for our OxC-beta™ product as Vice President of Business Development and Innovation. Few understand the Avivagen science, value proposition, market and business opportunity as completely as Jamie, making him the perfect individual to lead the next phase of growth for the Company.

This year we established important new relationships through our Mexico-based partner, Meyenberg International Group, that will help spearhead expansion efforts in Central and South America. We also added Mr. Lesley Nernberg as a technical sales and marketing consultant with the goal of accelerating the adoption of OxC-beta™ Livestock in multiple Asian markets.

Strategic partnerships and regulatory milestones

This fall we announced a transformative supply agreement with AB Vista to expand marketing and sale of OxC-beta^{TM} Livestock in high value markets such the United States, Brazil and Thailand. Trials with several AB Vista customers are already underway, and we expect sales from this partnership to start and grow steadily throughout 2022. We also continue to seek similar strategic partnerships in additional major global feed markets.

We have continued our efforts to expand regulatory approval for use of our products and are expecting approvals for livestock use in both Vietnam and China over the coming months. In anticipation of these approvals, we have initiated discussions with both prospective customers and distributors in both markets. Our previously announced distribution partner for Philippines, Inphilco, has successfully registered its own branded OxC-beta-based product and is beginning trials with several of its local customers. We are actively working towards new regulatory approvals in five key regions in South America and expect other regulatory developments for both companion animals (Vivamune) and humans.

Growing recognition from the scientific community

A recent analysis published in the *Lancet*, an international medical journal, reports that antibiotic resistance kills more than one million people each year– proving the critical need for safe and suitable alternatives to antibiotics[ii]. Concurrently, there has been a marked increase in both the recognition and acceptance of our technology, due in part to a number of papers appearing in top-tier scientific publications – including several reaffirming the safety and utility of using OxC-beta^{TM} Livestock as an alternative to antibiotics in broilers, sows and cows. These include:

- Kang, M., Oh, J.Y., Cha, S.Y., Kim, W.I., Cho, H.S., Jang, H.K., 2018. Efficacy of polymers from spontaneous carotenoid oxidation in reducing necrotic enteritis in broilers. Poultry Sci. 97, 3058-3062 doi: 10.3382/ps/pey180.
- Chen, J., Chen, J., Zhang, Y., Lv, Y., Qiao, H., Tian, M., Cheng, L., Chen, F., Zhang, S., Guan, W., 2020. Effects of maternal supplementation with fully oxidised β-carotene on the reproductive performance and immune response of sows, as well as the growth performance of nursing piglets. Brit. J. Nutr., 1-9 doi: 10.1017/S0007114520002652.
- Riley, W.W., Nickerson, J.G., Burton, G.W., 2021. Effect of Oxidized β-Carotene on the Growth and Feed Efficiency of Broilers. Poultry Sci., 101088 doi: https://doi.org/10.1016/j.psj.2021.101088.
- Burton, G.W., Mogg, T.J., Riley, W.W., Nickerson, J.G., 2021. Beta-Carotene oxidation products – Function and safety. Food Chem. Toxicol. 152, 112207 doi: 10.1016/j.fct.2021.112207.
- Mogg, T.J., Burton, G.W., 2021. The β-carotene–oxygen copolymer: its relationship to apocarotenoids and β-carotene function. Can. J. Chem. 99, 751-762 doi: 10.1139/cjc-2021-0006.
- McDougall, S., 2021. Evaluation of fully oxidised β-carotene as a feed ingredient to reduce bacterial infection and somatic cell counts in pasture-fed cows with subclinical mastitis. N.Z. Vet. J., 1-9 doi: 10.1080/00480169.2021.1924091.

Positive customer developments signal opportunity in 2022 and beyond
A tough economic environment led many feed producers in markets worldwide to scale back in 2021, a reality that directly impacted our key relationships in Mexico in particular. However, customers such as Industrias Melder and Tranformadora appear to be entering 2022 on much stronger footing, meaning significant commercial agreements previously secured could resume shortly. Additionally, successful trials have been completed with large and well-known dairy and poultry producers in Mexico which we expect should result in new orders placed within the coming weeks. We have also secured a number of smaller but important agreements in Asia that will diversify our customer base and product applications over the coming years. In the companion animal space, our Vivamune dog chews have been successfully introduced in Taiwan and our OxC-beta product is being used as a cornerstone ingredient in a premium dog food brand.

A new look for Avivagen
Our recently relaunched website could be seen as a marker for the next phase of Avivagen as a company, as we build off of the foundational success achieved to date and enter a period of new leadership and growth over the coming months and years. We have seen early success in numerous key markets, and with growing recognition from the scientific community and regulatory authorities we believe Avivagen is poised to grow that number. We have established important and lucrative relationships in many of the largest feed-producing markets in the world and secured expert support to help us develop new relationships that will enable growth in our livestock, companion animal and human nutrition businesses.

After two years of global uncertainty there are brighter and healthier days on the horizon.

None of this would be possible without the partnership and support of our shareholders. I thank you for your continued confidence in Avivagen, its leadership and its vision as we move into the next phase of growth.

Sincerely,

Kym Anthony
Chief Executive Officer

About Avivagen
Avivagen is a life sciences corporation focused on developing and commercializing products for livestock, companion animal and human applications that, by safely supporting immune function, promote general health and performance. It is a public corporation traded on the TSX Venture Exchange under the symbol VIV and is headquartered in Ottawa, Canada, based in partnership facilities of the National Research Council of Canada. For more information, visit www.avivagen.com. The contents of the website are expressly not incorporated by reference in this press release.

About OxC-beta™ Technology and OxC-beta™ Livestock
Avivagen's OxC-beta™ technology is derived from Avivagen discoveries about β-carotene and other carotenoids, compounds that give certain fruits and vegetables their bright colours. Through support of immune function the technology provides a non-antibiotic means of promoting health and growth. OxC-beta™ Livestock is a proprietary product shown to be an effective and economic alternative to the antibiotics commonly added to livestock feeds. The product is currently available for sale in the United States, Philippines, Mexico, Taiwan, New Zealand, Thailand, Brazil, Australia, and Malaysia.

Avivagen's OxC-beta™ Livestock product is safe, effective and could fulfill the global mandate to remove all in-feed antibiotics as growth promoters. Numerous international livestock trials with poultry and swine using OxC-beta™ Livestock have proven that the product performs as well as, and, sometimes, in some aspects, better than in-feed antibiotics.

Forward Looking Statements
This news release includes certain forward-looking statements that are based upon the current expectations of management. Forward-looking statements involve risks and uncertainties associated with the business of Avivagen Inc. and the environment in which the business operates. Any statements contained herein that are not statements of historical facts may be deemed to be forward-looking, including those identified by the expressions "aim", "anticipate", "appear", "believe", "consider", "could", "estimate", "expect", "if", "intend", "goal", "hope", "likely", "may", "plan", "possibly", "potentially", "pursue", "seem", "should", "whether", "will", "would" and similar expressions.

Statements set out in this news release relating to Avivagen's expectation that customers will ramp up activities in 2022, expected growth in demand and orders for Avivagen's products, the timing, outcomes and potential benefits of trials and regulatory processes underway, the potential for regulatory approval in additional jurisdictions, the expectations that current partner and customer discussions will result in agreements and orders that are beneficial to Avivagen, the expected resumption of orders and shipments to customers in Mexico, Avivagen's ability to diversify its customer base in the future and the possibility for OxC-beta™ Livestock to replace antibiotics in livestock feeds as growth promoters are forward-looking statements. These forward-looking statements are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations. For instance, the industry and Avivagen's customers may not rebound as quickly as expected, COVID or another event outside their control could impact customer and partner buying decisions, demand may not increase or stay at the same levels for Avivagen products, trials may not be completed or the results of trials may not result in benefits to Avivagen, Avivagen's products may not gain market acceptance or regulatory approval in new jurisdictions or for new applications and may not be widely accepted as a replacement for antibiotics as growth promoters in livestock feeds due to many factors, many of which are outside of Avivagen's control. Readers are referred to the risk factors associated with the business of Avivagen set out in Avivagen's most recent management's discussion and analysis of financial condition available at www.SEDAR.com. Except as required by law, Avivagen assumes no obligation to update the forward-looking statements, or to update the reasons why actual results could differ from those reflected in the forward-looking statements.

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[i]The National Provisioner https://www.provisioneronline.com/articles/111370-2021-feed-ingredient-prices-among-the-highest-in-the-last-decade

[ii]The Financial Times, January, 2022 Antibiotic resistance kills over 1m people a year says study _ Financial Times.pdf

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