

# Ag & Vet Weekly



Monday September 5 - Friday September 9, 2022

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

- \* **ASX UP, AVW-42 DOWN: WELLNEX UP 12%; ANATARA DOWN 9%**
- \* **ABARES: RECORD \$70b AGRICULTURAL EXPORT EARNINGS**
- \* **FONTERRA: FORECAST EARNINGS GUIDANCE UP 40% TO 52.5 CENTS**
- \* **NUFARM ACQUIRES GRANBIO ENERGY CANE FOR \$37m**
- \* **AUSCANN LENDS EUROCANN \$3.75m; SELLS WANGARA FOR \$7m**
- \* **WELLNEX TO ACQUIRE MR BRIGHT FOR \$1.5m SCRIP**
- \* **WELLNEX: JULY, AUGUST REVENUE UP 47% TO \$4m**
- \* **WIDE OPEN, MY FOODIE BOX READY-TO-EAT PLANT-BASED PRODUCTS**
- \* **WIDE OPEN APPOINTS GROWHUB INDONESIA, MALAYSIA DISTRIBUTOR**
- \* **CRESO LENDS TARGET HEALTH HOUSE \$700k**
- \* **PHARMAUST ENROLS 1st US DOG IN MONEPANTEL LYMPHOMA TRIAL**
- \* **MITSUBISHI TAKES 9.8% OF TASSAL**
- \* **MORGAN STANLEY TAKES 8.6% OF TASSAL**
- \* **JODI SCOTT TAKES 12% OF CRESO**
- \* **AGRIFUTURES: STEPHANIE TRETHEWEY WINS RURAL WOMEN'S AWARD**

## MARKET REPORT

The Australian stock market was up 0.66 percent on Friday September 9, 2022, with the ASX200 up 45.5 points to 6,894.2 points. Fourteen of the AVW-42 stocks were up, 17 fell, eight traded unchanged and three were untraded.

Wellnex was the best, up one cent or 12.2 percent to 9.2 cents, with 200,033 shares traded. Food Revolution climbed 8.7 percent; Fonterra improved 4.85 percent; Australian Agricultural and Botanix were up more than three percent; Apiam, Cobram, Murray Cod and Nufarm rose more than two percent; Clover and Select Harvests were up more than one percent; with Clean Seas, Elders and Ridley up by less than one percent.

Anatara led the falls, down 0.5 cents or 8.6 percent to 5.3 cents with 38,356 shares traded. Next Science lost 8.3 percent; both Avecho and Seafarms fell 7.7 percent; Nanollose was down 6.1 percent; Tasfoods shed 5.7 percent; Epsilon and Memphasys fell more than four percent; Rare Foods was down 3.3 percent; Elixinol, Pharmaust and Wide Open shed more than two percent; Althea and Bubs were down one percent or more; with A2 and Bega down by less than one percent.

## THE BUREAU OF AGRICULTURAL AND RESOURCE ECONOMICS AND SCIENCES

Abares says it forecasts agricultural export earnings to reach a record \$70.3 billion for 2022-'23, "almost 50 percent more than ... 10 years ago after accounting for inflation".

The Bureau said it forecast "near record levels of wheat and canola production".

Abares executive director Dr Jared Greenville said the industry's forecasted gross value of \$81.8 billion shows "it is performing strongly, with cropping leading the way".

"Winter crop prospects in Australia are looking very promising at the beginning of spring - we're forecasting a 55.5 million tonne harvest," Dr Greenville said.

"Meat production is also rebounding, with the national herd and flock returning to pre-drought levels," Dr Greenville said.

"Favorable seasonal conditions are expected to persist, but global inflation and rising costs of farm inputs could cloud outlook for demand and farm incomes," Dr Greenville said.

"It's the first time our exports are expected to exceed \$70 billion, showing the ability of our farmers to navigate considerable global economic uncertainty and to make a strong contribution to global food supplies," Dr Greenville said.

Dr Greenville said that the forecast took into account tapering global growth and the likelihood of a third straight La Nina weather pattern, "roughly a once-in-a-30-year event".

"Widespread inflation and a sluggish Chinese economy are the main watchpoints ... [and] global food and fertilizer prices remain very high," Dr Greenville said.

"The World Bank expects high global food prices through to the end of 2024 which will have adverse implications for global food security," Dr Greenville said.

"We're seeing ... continued global demand for our food and fibre, another bumper winter crop and the forecast of continued favorable growing conditions," Dr Greenville said.

"Harvesting delays mean most of the bumper 2021-'22 cotton crop will be exported during 2022-'23," Dr Greenville said.

"Planting of summer crops in 2022-'23 is forecast to be well above average, supported by ... soil moisture and significant areas ... left fallow during winter," Dr Greenville said.

Abares said the September 2022 agricultural commodities report and crop report was available at: <https://www.agriculture.gov.au/abares/research-topics/agricultural-outlook>.

## FONTERRA CO-OPERATIVE GROUP

Fonterra says its 2023 forecast earnings guidance is up 40 percent to 45 to 60 cents a share, with milk collections down to 1,495 million kilograms per milk solids (kg/MS).

The company said its 2023 forecast earnings guidance was up from 30 to 45 cents a share to 45 to 60 cents a share, and that its forecast milk collections for 2022-'23 was down from 1,510 million kg/MS to 1,495 million kg/MS.

Fonterra chief executive officer Miles Hurrell said the lift in forecast earnings was a "continuation of the ongoing strong demand for dairy".

"We see strong underlying demand and the latest lift in whole milk powder prices on [Global Dairy Trade] is also a positive signal reversing the recent easing in the prices that drive our Farmgate Milk Price," Mr Hurrell said.

"Strong offshore prices for protein, as reflected in the recent increase in EU and US milk prices, mean our protein portfolio has been performing very well," Mr Hurrell said.

"This sustained period of favorable pricing relativities between our protein and cheese portfolios and whole milk powder is the main driver for the increase in the 2022-'23 earnings guidance ... [and] if these unprecedented conditions were to continue for a further extended period this could have an additional positive impact," Mr Hurrell said.

Fonterra was up 13 cents or 4.85 percent to \$2.81.

## NUFARM

Nufarm says it has acquired Granbio Investimentos energy cane production for \$US25 million (\$A36.7 million), and has a long-term technology access and licence agreement. Nufarm said it acquired the Sao Paulo, Brazil-based Granbio's energy cane production assets, including germplasm, breeding materials and related know-how, products in development, and customer contracts, to "develop energy cane as a renewable, advanced agricultural feedstock".

The company said that energy cane was a 'novel' crop developed to create a more than 150 percent increase in biomass compared to conventional sugar cane resulting in an improved energy output and had been developed for more than 10 years by Granbio to be planted in lower-quality soil areas not suitable for primary agricultural crops.

Nufarm said energy cane could increase ethanol output by 20 to 30 percent per hectare and increase bioelectricity generation by "two to four times", as well as create "net-zero ethanol, biogas, and bioelectricity as well as green industrial products and new low-carbon feedstocks for [sustainable aviation fuel]".

The company said subsidiary Nuseed would develop energy cane to supply to energy partners and Granbio would receive rights in the "second-generation field".

Nufarm chief executive officer Greg Hunt said "this agreement is a tangible example of Nufarm's growth strategy in action - investing in sustainable innovative technologies that help growers get more from their land".

Nufarm was up 15 cents or 2.85 percent to \$5.41 with 1.9 million shares traded.

## AUSCANN

Auscann says it will lend related party European Cannabis Corporation a further \$3.75 million and sell its Wangara Perth property for \$7 million.

In April, Auscann said it would lend \$5 million to Eurocann to fund further capital to pursue the companies' mutual interests in Europe and Australia (AVW: Apr 29, 2022).

Today, the company said both the original \$5 million and the additional \$3.75 million facility would have an interest rate of 7.5 percent and a default rate of 9.5 percent, with a repayment of \$1 million due on both the first and second anniversary of the drawdown.

The company said that it had a conditional agreement to sell its Wangara property to the Perth-based Yolena Pty Ltd for \$7 million, pending finance and due diligence.

Auscann was in a voluntary suspension for an acquisition and last traded at four cents.

## WELLNEX LIFE

Wellnex says it will acquire 100 percent of teeth-whitening brand Mr Bright for \$1.5 million in shares or the five-day volume-weight average price prior to settlement.

Wellnex said pending shareholder and regulatory approval, it would acquire the Melbourne-based Mr Bright for \$1.5 million in shares at a minimum 10 cents a share or the five-day volume-weighted average price prior to the settlement, whichever is higher, with potential earnouts for 2022-'23 and 2023-'24 subject to earnings hurdles.

Wellnex said 50 percent of the shares would be in voluntary escrowed for 12 months, and the remaining shares for in escrow 24 months.

Wellnex chief executive officer George Karafotias said the company was "overjoyed" to acquire the premium teeth whitening brand, Mr Bright".

"We expect to increase the brand value for Mr. Bright and grow revenue, margins and profitability for the wider Wellnex group," Mr Karafotias said.

Wellnex was up one cent or 12.2 percent to 9.2 cents.

### WELLNEX LIFE

Wellnex says revenue for July and August, 2022 was \$3.93 million, up 46.6 percent compared to \$2.68 million in July and August, 2021.

Wellnex said it would launch its Ocean Road Dairies organic A2 infant formula product in October, in an exclusive distribution with Chemist Warehouse across Australia.

The company said it would launch its Performance Inspired sports supplements in October, with delivery expected "this month" and a "substantial opening order from Chemist Warehouse in preparation for the launch".

Wellnex chief executive officer George Karafotias said the company was "pleased with the performance of the business in the first two months of financial year 2022-'23, with all segments experiencing growth".

"The company anticipates the strong start to continue and accelerate throughout the year with a number of exciting product and brand launches," Mr Karafotias said.

"The guidance of \$29 million in revenue for the full year is in on track, with the potential for further upside dependent on the success of the new launches," Mr Karafotias said.

### WIDE OPEN AGRICULTURE

Wide Open Agriculture says subsidiary Dirty Clean Food and Perth's My Foodie Box will develop a range of ready-to-eat plant-based product lines.

Wide Open Agriculture said that under the one-year agreement, the new products would be the first to include Dirty Clean Foods' new Buntine protein and it would support My Foodie Box in its expansion to Australia's eastern states, beginning in New South Wales. Wide Open fell 1.5 cents or 2.65 percent to 55 cents.

### WIDE OPEN AGRICULTURE

Wide Open says it has appointed Growhub Innovations to market and sell its Dirty Clean Food oat milk-substitute in Indonesia and Malaysia.

Wide Open said Singapore's Growhub would buy an initial \$150,000 worth of product, with delivery expected by December 2022, under the one-year, non-exclusive agreement.

Last year, the company said Growhub would distribute its Dirty Clean Food's oat milk in Singapore, with a commitment to buy \$500,000 in the first 12 months (AVW: Oct 8, 2021).

Wide Open said it aimed to increase its presence and market share in South-East Asia.

### CRESO PHARMA

Creso says it will loan target acquisition medical marijuana distributor Health House International \$700,000 for "general corporate purposes and working capital".

Creso said that Perth's Health House would use the loan to draft and complete a scheme implementation deed and independent expert's report for its pending acquisition for up to \$4,630,388 in shares and options. (AVW: Aug 5, 2022).

The company said it provided initial funding of \$500,000 to Health House under the loan, at 12 percent interest a year, and that the repayment date would be November 30, 2022.

Creso said its loan facility would rank second to the security held by Zelira Therapeutics. In June, Zelira said it had terminated its proposed scheme of arrangement to acquire Health House and that Health House would have to pay it \$50,000 immediately, as well as repay its \$1.5 million working capital facility loan, plus interest, within 60 days from that date (AVW: Jun 24, 2022).

Creso was unchanged at 3.6 cents with 4.6 million shares traded.

### PHARMAUST

Pharmaust says it has enrolled the first of 10 dogs in a US trial of monepantel as a treatment for canine B cell lymphoma.

Pharmaust said the dog passed a physical exam and standardized staging tests and within the last week had been sent home to begin monepantel tablet treatment, and would be required to return for appraisal on day-14 and day-28 of treatment.

Pharmaust fell 0.2 cents or 2.4 percent to 8.1 cents.

### TASSAL GROUP

Mitsubishi UFJ Financial says it has increased its substantial holding in Tassal from 18,055,668 shares (8.40%) to 21,058,385 shares (9.80%).

The Tokyo-based Mitsubishi said that between August 31, and September 5, 2022, it bought, sold, borrowed and returned shares, with the largest acquisition 100,000 shares for \$516,520, or \$5.165 a share.

Ag & Vet Weekly believes the trading to be related to share speculation based on the Cooke Inc takeover bid, rather than a rival bid.

Tassal was unchanged at \$5.17 with 1.15 million shares traded.

### TASSAL GROUP

Morgan Stanley says it has increased its substantial holding in Tassal from 15,394,960 shares (7.17%) to 18,459,906 shares (8.59%).

The New York-based Morgan Stanley said that between August 31 and September 5, 2022 it bought, sold, borrowed, and returned shares, with the single largest purchase 100,000 shares for \$516,520 or \$5.165 a share.

### CRESO PHARMA

The Lyons, Colorado-based Jodi Scott says she has become substantial in Creso with 209,364,678 shares or 11.72 percent of the company.

Ms Scott, who is the co-founder and chief executive officer of Sierra Sage Herbs LLC, acquired by Creso last week, said she acquired 209,364,678 shares at a non-cash 8.3 cents a share, valuing the shares at \$17,377,268 (AVW: Sep 2, 2022).

### AGRIFUTURES

Agrifutures says the founder of Motherland Australia Stephanie Trethewey is this year's Agrifutures Rural Women's Award Winner, with Kimberley Furness runner up.

In May, Agrifutures said seven state and territory finalists for its Rural Women's Award would each receive \$15,000 from the Westpac Bank (BD: May 20, 2022).

Today, the organization said Ms Trethewey and Ms Furness would receive an additional \$20,000 and \$15,000, respectively, to further the development of their winning projects.

Agrifutures said Ms Trethewey's podcast, Motherland Australia, discussed motherhood in rural communities, while Ms Furness's Oak Magazine created opportunities to profile and celebrate female-led businesses.

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