

Ag & Vet Weekly



Monday January 23 - Friday January 27, 2023

All the news on ASX-listed agriculture and veterinary companies

- * **ASX, AVW-41 UP: MEMPHASYS UP 15%; FOOD REVOLUTION DOWN 12%**
- * **MELBOURNE UNI STUDY: \$476b NITROGEN REDUCTION BENEFIT FOR \$19b**
- * **CLEAN SEAS H1 REVENUE UP 9.7% TO \$34.2m**
- * **ECOFIBRE H1 RECEIPTS UP 8.7% TO \$18.1m**
- * **WELLNEX H1 RECORD REVENUE UP 54% TO \$13.2m**
- * **SELECT HARVESTS 'RECORD LOW' ALMOND PRICE OF \$6.225/kg**
- * **ROOTS RIGHTS RAISE \$21k, SHORTFALL \$1m, REQUESTS TRADING HALT**
- * **CRESO \$350k RECORD MARIJUANA ORDER; MANITOBA EXPANSION**
- * **CRESO REQUESTS 'DEBT RESTRUCTURE, ACQUISITION' TRADING HALT**
- * **SYNLAIT APPOINTS ABBY YE CHINA HEAD, FOOD SERVICE DIRECTOR**

MARKET REPORT

The Australian stock market was up 0.34 percent on Friday January 27, 2023, with the ASX200 up 25.5 points to 7,493.8 points.

Thirteen of the AVW-41 stocks were up, 11 fell, 13 traded unchanged and four were untraded.

Memphasys was the best, up 0.2 cents or 15.4 percent to 1.5 cents, with 640,000 shares traded. Elixinol, Select Harvests and Wellnex climbed more than four percent; Ecofibre was up 3.2 percent; A2 rose 2.1 percent; Bega, Bubs, Elders and Fonterra were up one percent or more; with Costa, Nufarm and Synlait up by less than one percent.

Food Revolution led the falls, down 0.4 cents or 11.8 percent to three cents, with 329,911 shares traded. MGC lost 9.1 percent; Cann and Pharmaust were down more than seven percent; Epsilon and Nanollose fell more than four percent; Clean Seas was down 3.3 percent; Cobram shed 1.75 percent; with Australian Agricultural, Botanix and Ridley down by less than one percent.

THE UNIVERSITY OF MELBOURNE

The University of Melbourne says crop nitrogen mitigation could generate \$476 billion in benefits for food supply, human health, ecosystems and climate, and cost \$19 billion. The University said that the research showed that crop nitrogen pollution mitigation could reduce nitrogen fertilizer use by 21 percent.

The University of Melbourne said that a meta-analysis, titled 'Cost-effective mitigation of nitrogen pollution from global croplands,' was published in Nature, with the full article available at: <https://www.nature.com/articles/s41586-022-05481-8>.

The research concluded: "To mitigate nitrogen pollution from croplands in the future, innovative policies such as a nitrogen credit system (NCS) could be implemented to select, incentivize and, where necessary, subsidize the adoption of these measures."

The University said intensified agriculture had increased the use of nitrogen fertilizers and manure to boost food and animal feed supply.

The University said nitrogen mitigation strategies included efficiency-enhancing fertilizers, irrigation, legume rotations and improved nutrient management by applying fertilizers at the right rate, time and place.

The University said the research proposed an agricultural nitrogen credit system, which would see farmers receive economic incentives if they implemented abatement measures or penalties if they did not adopt practices to mitigate nitrogen pollution.

The University said that if smart abatement measures were implemented on croplands, 22 million tonnes less of nitrogen fertilizer could be used, representing 21 percent globally, an additional 17 million tons of crop nitrogen could be harvested annually, an increase of 20 percent, and that it could "generate \$476 billion in societal benefits".

The University said that while farmers would receive credits or penalties, the costs of nitrogen reduction should be paid "by society as a whole".

The study's co-author Zhejiang University's Prof Baojing Gu said that "nitrogen pollution is fast becoming the next global crisis".

"If we truly want farmers to implement these knowledge-based nitrogen mitigation measures, which will benefit all of society, we need to find a way to help them overcome the financial barriers they face," Prof Gu said.

University of Melbourne Prof Deli Chen said "the contributions to the budget should be derived from both taxing fiscal revenues of agri-food enterprises, value-added taxes for consumers, or from dedicated levies or taxes on polluting activities or products".

"This facilitates the transfer of the cost of reducing nitrogen pollution from just farmers to those who benefit, which is all of us," Prof Chen said.

CLEAN SEAS SEAFOOD

Clean Seas says its revenue for the six months to December 31, 2022 was up 9.7 percent to \$34,231,000, and it is no longer required by the ASX to file quarterly reports.

Clean Seas said it sold 1,031,000 tonnes of its Yellowtail Kingfish in Australia, 358,000 tonnes in Europe, 103,000 tonnes in North America and 34,000 tonnes in Asia.

The company said that farmgate revenue was up 10.7 percent to \$26,936,000, with revenue per kilogram up 39.9 percent to \$22.43/kg.

Clean Seas said harvest volume for the six months to December 31 was up 18.4 percent to 1,588 tonnes, with cash and equivalents of \$22.7 million at December 31, 2022.

Clean Seas chief executive officer Rob Gratton said that "despite the emergence of more challenging economic conditions and increased competition, Clean Seas has delivered another strong trading performance".

Clean Seas fell two cents or 3.3 percent to 58.5 cents.

ECOFIBRE

Ecofibre says receipts from customers for the six months to December 31, 2022 was up 8.75 percent to \$18,135,000 compared to the prior corresponding period.

Ecofibre said that receipts for the three months to December 31, 2022 rose by 15.9 percent to \$10,174,000, including \$3.4m revenue from its Hemp Black textile products, \$3.3m revenue from Ananda Health marijuana and hemp derivative products and \$1.6m revenue from Ananda food additive products.

The company said it had a cash burn for the three months to December 31, 2022 of \$1,308,000, with cash and cash equivalents of \$7,375,000 at December 31, 2022.

Ecofibre was up 0.75 cents or 3.2 percent to 24.25 cents.

WELLNEX LIFE

Wellnex says unaudited record revenue for the six months to December 31, 2022 was up 53.5 percent to \$13.2 million, compared to the prior corresponding period.

Wellnex said it had record receipts from its skin care, dental whiteners and generic medicines for the six months to December 31, 2022, up 33.9 percent to \$12,826,000. compared to the previous corresponding period.

The company said it had a cash burn for the six months of \$2,271,000, with cash and cash equivalents of \$4,709,000 at December 31, 2022.

Wellnex was up 0.35 cents or 4.7 percent to 7.75 cents.

SELECT HARVESTS

Select Harvests says almond prices have dropped from \$6.80 per kilogram to a forecast \$6.15 to \$6.30 per kilogram, a "record low".

The company said it expected the almond price to reduce earnings before interest and taxation by \$18 million to \$22 million.

Select Harvests managing-director Paul Thompson said that the company remained optimistic in the medium term, but that "challenging wet conditions for the 2022 crop harvest meant a larger than expected portion of the crop has been negatively impacted, requiring a downgrade in quality".

"At the same time global almond prices have continued to decline, impacting the value of product sold by the company since September 30, 2022 and the assumed value of the remaining 2022 crop on hand," Mr Thompson said.

Mr Thompson said there were "positive signs emerging" with recent shipment reports from California and Australia "strong".

Select Harvests was up 18 cents or 4.6 percent to \$4.09 with 1.3 million shares traded.

ROOTS SUSTAINABLE AGRICULTURAL TECHNOLOGIES

Roots says it has raised \$20,831 of a hoped for \$1,028,133 in a one-for-three Chess depositary interest (CDI), non-renounceable entitlement offer at 0.3 cents a share.

Last year, Roots said it hoped to raise up to \$1,028,133, with one option for every two CDIs bought, exercisable at 0.5 cents each within five years (AVW: Dec 2, 2022).

The company said there was a shortfall of 335,768,670 CDIs and 167,884,335 options, which could be "placed at the discretion of the board as soon as practicable".

On Wednesday, Roots requested a trading halt pending "an update in relation to its entitlement issue" with trading to resume on January 30, or on an earlier announcement.

Roots last traded at 0.15 cents.

CRESO PHARMA

Creso says its Canadian subsidiary Mernova Medical has secured a \$350,245 marijuana order, its largest to date, and has expanded into Manitoba.

Creso said the \$350,245 order from Nova Scotia Liquor Corporation was the largest purchase order secured from any province to date.

The company said “the value of the purchase order highlights the ongoing demand Creso Pharma is witnessing for its high-quality recreational cannabis products and will underpin revenue growth during 2022-’23”.

Creso said Mernova had expanded into Manitoba province which had about 170 retail marijuana shops.

CRESO PHARMA

Creso has requested a trading halt “pending an announcement regarding a debt restructuring transaction” and a potential acquisition.

Trading will resume on January 30, 2023 or on an earlier announcement.

Creso last traded at 2.2 cents.

SYNLAIT MILK

Synlait says it has appointed the Shanghai-based Abby Ye as head of China and director of food service, effective from March 1, 2023.

Synlait said Ms Ye was previously the Singapore-based Savencia Group director of marketing, Asia-Pacific retail and food service and had experience in food and beverage manufacturing companies such as New Brands and McCain Foods in China.

Synlait was up one cent or 0.3 percent to \$3.24.