

Ag & Vet Weekly



Monday April 24 - Friday April 28, 2023

All the news on ASX-listed agriculture and veterinary companies

- * **ASX, AVW-42 UP: CRESO UP 22%; ALTHEA DOWN 7%**
- * **FEDERAL GOVERNMENT CELEBRATES WORLD VETERINARY DAY**
- * **VETERINARY ASSOCIATION: 'EDUCATION TO IMPROVE DIVERSITY'**
- * **SYNLAIT PROFIT WARNING, A2 COMMENTS**
- * **TASFOODS Q1 RECEIPTS UP 4% TO \$18.4m**
- * **BUBS Q3 RECEIPTS DOWN 40% TO \$13.1m**
- * **ECOFIBRE Q3 RECEIPTS UP 3% TO \$6.8m**
- * **WELLNEX Q3 RECEIPTS UP 72% TO \$6.1m**
- * **CANN GROUP Q3 RECEIPTS UP 220% TO \$4.1m**
- * **CANACCORD UNDERWRITES \$1m ELIXINOL SHARE PLAN**
- * **BIOGENE'S FLAVOCIDE, QCIDE EFFECTIVE COMBINATION INSECTICIDES**
- * **WIDE OPEN TAKES 'CLARIFICATION' HALT TO JUNE 30 SUSPENSION**
- * **VANGUARD TAKES 5% IN BEGA**

MARKET REPORT

The Australian stock market was up 0.23 percent on Friday April 28, 2023, with the ASX200 up 16.5 points to 7,309.2 points. Twenty-five of the AVW-42 stocks were up, six fell, seven traded unchanged and four were untraded.

Creso was best, up 0.2 cents or 22.2 percent to 1.1 cents, with 4.3 million shares traded. Avecho climbed 20 percent; Tasfoods was up 16 percent; both Epsilon and Roots rose 11.1 percent; Biogene was up 9.4 percent; Botanix, Cann Group and Sustainable Nutrition climbed more than six percent; Ecofibre and Elixinol were up more than five percent; Bubs, Clean Seas and Synlait rose more than two percent; Apiam, Elders, Original Juice and Pharmaust were up more than one percent; with A2, Australian Agricultural, Cobram, Costa, Fonterra, Nufarm and Select Harvests up by less than one percent.

Althea led the falls, down 0.4 cents or seven percent to 5.3 cents, with 274,031 shares traded. Next Science shed 2.9 percent; Clover and Wellnex were down more than one percent; with Bega and Ridley down by less than one percent.

FEDERAL DEPARTMENT OF AGRICULTURE, FISHERIES AND FORESTRY

The Federal Department of Agriculture, Fisheries and Forestry says it celebrates World Veterinary Day 2023 and the diversity of veterinarians across Northern Australia.

The Department said that Northern Australia veterinarians worked “to protect the health of animals and the region’s biosecurity”.

In a media release, the Federal Department said it was “proud to be the largest public sector employer of vets in Australia, providing a variety of services in disease surveillance, food safety inspection, research, One Health and policy development”.

The media release said that World Veterinary Day on Saturday, April 29, 2023, was “an opportunity to acknowledge the Department of Agriculture, Fisheries and Forestry’s increased focus on emergency animal disease prevention and preparedness in Northern Australia through strengthened engagement and strategic policy leadership” delivered by the Office of the Chief Veterinary Officer, Northern Australia, which was established in Cairns and led by Australia’s deputy chief veterinary officer Dr Beth Cookson.

“Over the past few years, we have seen the rapid spread of diseases like African swine fever and lumpy skin disease into our near region, as well as foot-and-mouth disease being detected for the first time in over 30 years in Indonesia,” Dr Cookson said.

“Our focus on biosecurity in Northern Australia has never been so important to protecting Australia from these diseases,” Dr Cookson said. “Veterinarians employed in private, industry, government and non-government sectors across multiple jurisdictions have been working inclusively and collaboratively on our preparedness activities.”

Dr Cookson said that the Department collaborated with pastoralists, industry, other government departments and First Nations communities across the Northern Australia.

AUSTRALIAN VETERINARY ASSOCIATION

The Australian Veterinary Association says the profession needs to better reflect that of the Australian community, starting with veterinary education.

The Association said that it participated in an industry discussion with the Australian Universities Accord Panel on how to achieve a more diverse and inclusive profession.

The Association said that under-represented groups could be deterred by “the hidden costs of veterinary courses, which occurs as a consequence of inadequate government funding for essential courses that are expensive to deliver”.

Australian Veterinary Association president Dr Bronwyn Orr said the participation rate of First Nations people was 0.6 percent of the veterinary profession, compared to the general population, where First Nations people make up 3.0 percent of Australians.

“We, as a profession, need to work together to improve this statistic,” Dr Orr said.

An Australian Veterinary Association spokesperson told Ag & Vet Weekly said that women comprised 67 percent of all veterinarians and 82 percent of all employees at veterinary clinics, but just 49 percent of veterinary practice employers.

The spokesperson said that women comprised 57 percent of staff in large animal practice.

“We live in an increasingly diverse community,” Dr Orr said.

“Ensuring education and training programs are accessible to all, regardless of background or circumstances, will encourage diversity and inclusivity in the workforce,” Dr Orr said.

The Australian Veterinary Association said that increased government support to higher education was “critical to deliver a more diverse and sustainable workforce that meets the growing demand for veterinary services”.

The Association said that veterinary students were particularly vulnerable to financial insecurity because of the absence of support for the veterinary profession, while working wages were low in the context of the cost of degrees.

SYNLAIT MILK, A2 MILK

Synlait says it expects a lower profit for the year to July 31, 2023 compared to previous guidance and A2 Milk says it is "surprised at the extent of the reduction".

Last month, Synlait said net profit after tax guidance for the year to July 31, 2023 was expected to be \$NZ15 million to \$NZ20 million (\$A13.9 million to \$A18.6 million) and its recovery would take three years rather than two years (AVW: Mar 17, 2023).

Today, the company said it had revised its milk price forecast from \$NZ8.50/kgMS (\$A7.88/kgMS) to \$NZ8.30/kgMS (\$A7.70/kgMS) and updated its net profit after tax guidance for the year to July 31, 2023 to between a net loss of \$NZ5 million to a net profit of \$NZ5 million.

Synlait said its reduced milk price forecast was due to lower than forecast commodity prices as demand from China did not recover in-line with expectations.

Synlait said net profit after tax was expected to decrease by \$NZ16.5 million due to decreased demand in its "further advanced nutrition" products mostly from one customer, with another \$NZ3.5 million attributed to higher financing and supply chain costs.

A2 Milk said in a response to the Synlait media release that in the two forecasts it provided to Synlait since March 17, 2023 it had lowered its total forecast demand for infant milk formula due to continued Chinese market weakness, delays in deliveries from Synlait which had resulted in a material amount of inventory needing to be managed and ongoing refinement of its distribution model.

A2 milk said there was no material change to its guidance released in February for the year to June 30, 2023, but did note that infant milk formula revenue guidance was now expected to be down to mid-single digits.

According to Synlait's 2022 annual report, A2 Milk owned 19.8 percent of Synlait.

A2 was up two cents or 0.4 percent to \$5.43 with 5.9 million shares traded.

Synlait was up 3.5 cents or 2.4 percent to \$1.48.

TASFOODS

Tasfoods says that receipts from customers for the three months to March 31, 2023 was up 3.8 percent to \$18,386,000 compared to the prior corresponding period.

Tasfoods said that despite rising inflation, interest rates and tightened household budgets, receipts from customers improved due to a five percent increase in poultry sales, while dairy product sales remained flat despite increased input prices.

The company said it had a cash burn of \$1,456,000 for the three months to March 31, 2023, and although it owed \$963,000 at March 31, 2023, it had two quarters of cash due to \$2,913,000 in unused available finance facilities and said initiatives taken in 2022 were expected to have material benefit to cash flows in 2023.

Tasfoods was up 0.4 cents or 16 percent to 2.9 cents.

BUBS AUSTRALIA

Bubs says receipts from customers for the three months to March 31, 2022 were down 40.2 percent to \$13,131,000 compared to the prior corresponding period.

Bubs said that revenue fell due to poor sales in China and other overseas markets, with plans for "a strategic review of China operations".

The company said it had a cash burn of \$12,117,000 for the three months to March 31, 2023, with cash and cash equivalents of \$39,161,000 compared to \$24,066,000 at March 31, 2022.

Bubs was up half a cent or 2.6 percent to 19.5 cents with 3.5 million shares traded.

ECOFIBRE

Ecofibre says receipts from customers for the three months to March 31, 2023 was up 3.0 percent to \$6,781,000 compared to the previous corresponding period.

Ecofibre said that receipts from customers came from record sales of its Hemp Black turf and bio-medical yarn but sales of its marijuana products for pain, sleep and stress were low due to ongoing high levels of competition and discounting to the market.

The company said it was \$18,000 cash flow positive for the three months to March 31, 2023, with cash and cash equivalents of \$7,544,000 compared to \$5,120,000 at March 31, 2022.

Ecofibre was up one cent or 5.4 percent to 19.5 cents.

WELLNEX LIFE

Wellnex says receipts from customers for the three months to March 31, 2023 was up 72.0 percent to \$6,185,000 compared the previous corresponding period.

Wellnex said sales came from the launches of its energy brand Wakey Wakey, its sleep medicines Nighty Night, and its over-the-counter medicines Pharmacy Own, as well as sales of its medical cannabis products.

The company said it had a cash burn of \$1,522,000 for the three months to March 31, 2023, with cash and cash equivalents of \$2,244,000 compared to \$2,951,000 at March 31, 2022.

Wellnex fell 0.1 cents or 1.6 percent to 6.3 cents.

CANN GROUP

Cann Group says receipts from customers for the three months to March 31, 2023 was up 220.7 percent to \$4,137,000 compared to the previous corresponding period.

Cann Group said increased sales was due to the fulfilment of repeat orders from large business-to-business customers for both its marijuana oil and flower products, complimented by the continued growth of its consignment brands.

The company said it had a cash burn of \$5,690,000 for the three months to March 31, 2023, with cash and cash equivalents of \$1,240,000 compared to \$5,475,000 at March, 31, 2022.

Cann Group said with its unused financing facilities of \$10,140,000 it had an estimated two quarters of cash.

Cann Group was up one cent or 6.45 percent to 16.5 cents.

ELIXINOL WELLNESS

Elixinol says Canaccord Genuity (Australia) Pty Ltd has agreed to fully underwrite its share purchase plan for \$1,000,000 at 1.8 cents a share.

Earlier this month, Elixinol said it had commitments for a \$1.25 million placement and a \$1.0 million underwritten share plan at 1.8 cents a share, with one-for-one attaching options exercisable at 2.0 cents a share within two years (AVW: Apr 6, 2023).

Today, Elixinol said Canaccord would receive an underwriting fee of 3,000,000 shares and 6,000,000 options.

Elixinol was up 0.1 cents or 5.3 percent to two cents.

BIOGENE TECHNOLOGY

Biogene says its insecticides Flavocide and Qcide could be effective when combined with other “commercially important insecticides”.

Biogene said studies conducted by Indiana’s Purdue University, the University of Florida, the Cardiff, Wales-based I2I Research and Melbourne’s Cesar Australia demonstrated “synergy with particular commercially important molecules” against certain insect species, including resistant strains.

The company said the molecules it combined with Flavocide and Qcide included pyrethrins, pyrethroids, diamides, carbamates and organo-phosphates.

Biogene said a low-dose Flavocide combined with “commercially important molecules” worked against mosquitos, houseflies, aphids and moths, while Qcide in combination worked against mosquitos and houseflies.

Biogene chief executive officer Richard Jagger said “these positive synergy results provide significant additional commercial opportunities for Biogene in the \$US31.1 billion (\$A46.9 billion) global market”.

Biogene was up 0.9 cents or 9.4 percent to 10.5 cents.

WIDE OPEN AGRICULTURE

Wide Open Agriculture says it has requested a suspension following last week’s trading halt “pending a further announcement to the announcement of April 19, 2023”.

Last week, Wide open said it was in advanced confidential negotiations with a strategic partner” to produce commercial quantities of its lupin-based Buntine protein and was ready for Buntine to move from pilot to commercial production (AVW: Apr 21, 2023).

Today, the company said it expected trading to resume with the release of an announcement by June 30, 2023.

Wide Open was untraded at 32.5 cents.

BEGA CHEESE

The Valley Forge, Pennsylvania-based Vanguard Group says it has become a substantial shareholder in Bega with 15,247,546 shares or 5.0 percent of the company.

Vanguard said that between December 23, 2022 and April 21, 2023 it bought and sold shares, at prices ranging from \$3.17 to \$4.06 a share.

Bega fell two cents or 0.5 percent to \$3.78 with 487,988 shares traded.