



Murray Cod Australia Ltd

ASX:MCA

26 April 2022

March 2022 Quarterly Activities Report

The Board of Murray Cod Australia Ltd ('MCA' or 'the Company') is pleased to provide the following update of operational and sales progress in conjunction with the release of the March 2022 quarterly cashflow report.

HIGHLIGHTS for March 2022 Quarter

- **Customer receipts up 48% over March 2021 Quarter**
- **Operating cash surplus of \$434,000 for March 22 Quarter**
- **Cash Reserves of \$33 million at 31 March 2022**
- **Product price increases being achieved**
- **Improved biological growth during March Quarter**
- **Growth Plans remain on track for 10 thousand tonnes by 2030**
- **Customer acquisition in Australia and USA accelerated during March quarter**
- **Coles Supermarkets plan to stock Aquna Sustainable Murray Cod from 25 May 2022**
- **Export demand pipeline strengthening**
- **Average sale weight of 2.3 kilograms per fish for the quarter**
- **Stage three of Whitton site progressing as planned**
- **Josh Niland Partnership progressing**
- **Sustainable feed trial of 100% plant based proteins**



Murray Cod Australia Ltd

ASX:MCA

Revenue increase of 48% over March 21 Quarter

Receipts from customers grew 48% for the quarter compared to the March 2021 quarter. This was despite restrictions related to the Omicron variant of COVID-19 during the early part of this year negatively impacting sales. Sales grew strongly during the March 2022 quarter as COVID-19 restrictions eased.

The Company has experienced strong growth in domestic sales during the March quarter.

Growth in customer acquisition has increased significantly. Brand recognition and social media activity within the community and within our specific sales channels has grown significantly.

Product demand is continuing to build a strong sales pipeline.

Operating Cash Surplus of \$434,000 for March 22 Quarter

The Company is pleased to advise that an operating cash surplus of of \$434,000 was achieved for the quarter. This is despite significantly higher fish numbers and commensurate increases in operating costs.

Cash Reserves \$33 million

The Company is well positioned to capitalise on strong demand with cash reserves of \$33 million on hand at 31 March 2022.

Growth in Sales Price Achieved with Brand Recognition

The price per kg of live sales has been increased from \$19 per kg in early 2020 to \$23 per kg at present. Our market research indicates that prior to MCA entering the live market, Murray Cod were selling in the live market at \$16 per kg or less. Price rises of 10% have been announced to customers of chilled fish (outside of any fixed price agreements which are subject to review at set dates) and will begin on 1 May 2022.

Aquna Sustainable Murray Cod is positioned as a luxury food product rather than a commodity. Our strategy of service and brand attribution has been successful in building pricing.



Murray Cod Australia Ltd

ASX:MCA

Improved Grow-out performance

Biological growth was pleasing during the March quarter with fish stocks growing at faster than anticipated rates. This is in contrast to the slower growth that was reported due to cooler conditions in the prior quarter.

Colder temperatures also impacted on the recently completed spawning season. As noted last quarter, the colder conditions in late spring and early summer resulted in a delayed and compacted spawning season. As a result, the Company reduced the numbers of its prior planned stock out of fingerlings to its grow out units over the recent summer. However sales to government agencies for re-stocking purposes were maintained as a strategic measure to maintain our position of strength within the hatchery and re-stocking marketplace.

Growth Plans Remain on track for ten thousand tonnes by 2030

Fish numbers and biomass remain on track for the Company to meet its target of producing 10,000 tonnes of Aquana Sustainable Murray Cod by the year 2030.

Domestic sales

Average sale weight for the March 2022 quarter was 2.3 kilograms per fish. This is an increase on the March 2021 quarter and reflects the increase in size of fish used in supply to grocery and restaurant channels.

MCA has continued selling live fish domestically. Sales of smaller fish have been restricted as the Company looks to increase average sale weights and to ensure sufficient stocks are available to meet new and existing demand.

Balancing demand with supply is an ongoing issue for the Company. The Company continually reviews margins and growth prospects of new and existing markets in this process.



Murray Cod Australia Ltd

ASX:MCA

Growth In Supermarkets on Track

Woolworths

MCA currently supplies 150 Woolworths stores in NSW and Victoria. Growth in volume has been pleasing, however there have been some logistical issues relating to Woolworths' COVID-19 protocols that have led to MCA stock not always being available within Woolworths stores. We are unable to accurately estimate the lost sales that have resulted from this. MCA has now agreed with Woolworths to change distribution centres which should enable more deliveries per week and ease the stock shortage issues faced previously.

Coles

Coles supermarkets are planning to stock Aquana Sustainable Murray Cod in 80 stores from 25 May 2022.

Harris Farm Markets

Harris Farm Markets commenced stocking Aquana Sustainable Murray Cod in six stores during the quarter.

General

With COVID-19 restrictions around merchandising and in-store demonstrations easing, we have planned significant marketing activity within grocery channels in coming months.

In addition to volume growth MCA estimates that gross profit margins achieved on our product in supermarkets have increased from below 10% at introduction in 2021 to around 25% in the March 22 quarter. This reflects the success of our promotional work in growing demand for our brand in this channel in recent months.

Processing equipment which had been subject to COVID-19 related delays has now arrived at our plant and commissioning is planned to be completed by the end of May 2022. This will enable the Company to increase supply to the grocery channel

Growth in Export Demand

Sales to Europe re-commenced during the December 2021 quarter and volume growth was pleasing before the Omicron variant of COVID-19 began to impact restaurant and wholesaler demand. Restrictions are now easing in Europe and we have scheduled promotional activity there during April 2022.

The USA strategy of targeting high-end restaurants is currently working successfully. For example during March 2022, 15 new restaurants in the USA committed to placing Aquana



Murray Cod Australia Ltd

ASX:MCA

Sustainable Murray Cod on their menu. This was 200% above our target number of new customers for the month.

The first orders for Japanese exports since March 2020 were received this quarter and new enquiries from Japan for larger volume orders have been received. Negotiations with these buyers are ongoing.

The Company is once again in the situation of managing the balance between demand and available supply of our product for various markets.

As previously mentioned the profit margins in specific channels and long term growth prospects of various markets are important factors in this planning process.

Whitton Site Development Stage 3 Progressing to plan

Construction of stage 3 Whitton site is underway and construction on much of the infrastructure for that stage is progressing well. Expenditure for this project is ongoing and is included in the capital payments disclosed in our Appendix 4C.

Josh Niland Value Added Partnership Progressing well

Last year MCA entered into a 3 year agreement with renowned chef Josh Niland to produce and market value added products. Josh Niland is well known for his business “The Fish Butchery”, his restaurant “Saint Peter” (based in Paddington and Waterloo, Sydney) and his newest venture “Charcoal Fish” in Rose Bay, Sydney.

Mr Niland is famous for his approach to sustainable use of seafood as highlighted in his book “The Whole Fish Cookbook”.

A Project manager within MCA has been appointed to co-ordinate and fast track the development of value added products with Mr Niland. We expect further updates will be made to to the market in the coming quarter.

Feed Trial of 100% Plant based diet underway

Feed trials aimed at increasing both Specific Growth Rate and Feed Conversion Ratio have been undertaken and will continue during the year. In keeping with our commitment to sustainability we have commissioned production of a diet that is completely free of marine or animal based proteins. Impacts of this diet on aspects such as growth, health and taste profile of the fish will be important considerations as we continue in our quest to improve the environmental integrity of our production. Trials on these new feeds will be undertaken with Deakin University over the coming months.



Murray Cod Australia Ltd

ASX:MCA

Conclusion

The significant increase in sales and biological growth during the March 22 quarter have been pleasing for the Company, particularly in light of the difficult conditions experienced both economically and operationally during the prior quarter. The management and board of Murray Cod Australia are very pleased with the significant progress that has been made operationally and the continued development of our markets. We look forward to providing future updates to shareholders on our continued progress.

Related party payments

During the quarter the following payments were made to related parties of the entity and their associates as disclosed in Item 6 of the Appendix 4C;

- Mathew Ryan, Managing Director salary and superannuation \$55,000;
- Bamford Partners Pty Ltd in respect of Martin Priestley non-executive director fees for \$8,344
- Cirrus Pty Ltd in respect of non-executive director fees of David Crow \$8,250
- Payments to Andersons Tax and Investment Services Pty Ltd, a related entity of Ross Anderson, for accounting and administrative services on commercial terms for \$51,461. This excludes any work completed by Ross Anderson.
- Brigalow Enterprises Pty Ltd in respect of Roger Commins non executive directors fees \$8,250
- Payments to Aquacomm, a related entity of Roger Commins, as a contract grower on commercial terms for fish which were on-sold by MCA, for \$67,637; and
- Payments to Commins enterprises, which is a related entity of Roger Commins, for engineering and repair works on commercial terms, for \$13,265.
- Anderson's Investment Services Pty Ltd in respect of Executive Chairman fees \$44,002;

ENDS

This announcement was authorised for release by Ross Anderson, Executive Chairman.

For more information contact:

Ross Anderson

Murray Cod Australia

+61 269 625 470

Murray Cod Australia Ltd ABN 74 928 625
Level 1, 153 Yambil Street Griffith NSW Australia 2680

Ph +61 269 625 470
www.aquana.com

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Murray Cod Australia Limited

ABN

74 143 928 625

Quarter ended ("current quarter")

31 March 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	5,136	9,485
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs		
(c) advertising and marketing		
(d) leased assets		
(e) staff costs		
(f) administration and corporate costs		
Total 1.2	<4,678>	<14,712>
1.3 Dividends received (see note 3)		
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	<58>	<161>
1.6 Income taxes paid		
1.7 Government grants and tax incentives	33	160
1.8 Other – Insurance proceeds	1	50
1.9 Net cash from / (used in) operating activities	434	<5,178>
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	<1,166>	<5,295>
(d) investments		
(e) intellectual property		

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
(f) other non-current assets	<5>	<10>
2.2 Proceeds from disposal of:		
(a) entities		
(b) businesses		
(c) property, plant and equipment		
(d) investments		
(e) intellectual property		
(f) other non-current assets		
2.3 Cash flows from loans to other entities		
2.4 Dividends received (see note 3)		
2.5 Other (provide details if material)		
2.6 Net cash from / (used in) investing activities	<1,171>	<5,305>

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	-	30,256
3.2 Proceeds from issue of convertible debt securities		
3.3 Proceeds from exercise of options	4,650	6,707
3.4 Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5 Proceeds from borrowings	57	3,781
3.6 Repayment of borrowings	<234>	<669>
3.7 Transaction costs related to loans and borrowings		
3.8 Dividends paid		
3.9 Other (provide details if material)		
3.10 Net cash from / (used in) financing activities	4,473	40,075

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	29,283	3,427
4.2 Net cash from / (used in) operating activities (item 1.9 above)	434	<5,178>
4.3 Net cash from / (used in) investing activities (item 2.6 above)	<1,171>	<5,305>

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	4,473	40,075
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	33,019	33,019

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	33,053	29,315
5.2	Call deposits		
5.3	Bank overdrafts	<35>	<33>
5.4	Other (provide details)	1	1
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	33,019	29,283

**6. Payments to related parties of the entity and their
associates**

6.1 Aggregate amount of payments to related parties and their
associates included in item 1 and Item 2

**Current quarter
\$A'000**

256

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of,
and an explanation for, such payments

**All payments at item 6.1 are made for Directors Fees or in respect of contractual arrangements on
arms-length terms.**

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>		
<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	3,443	3,441
7.2 Credit standby arrangements	2,620	35
7.3 Other (Equipment Finance Facility)	2,423	2,423
7.4 Total financing facilities	8,486	5,899

7.5 **Unused financing facilities available at quarter end** 2,587

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

7.1 Westpac Bank Bill Business Loan, facility term 5 years, Variable interest rate, secured by land and water assets.

7.2 Westpac Overdraft Facility and Credit Card Facility, Variable interest rate, secured by land and water assets.

7.3 Westpac Equipment Finance Facility.

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	434
8.2 Cash and cash equivalents at quarter end (Item 4.6)	33,019
8.3 Unused finance facilities available at quarter end (Item 7.5)	2,587
8.4 Total available funding (Item 8.2 + Item 8.3)	35,606
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	NA

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: NA

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: NA

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: NA

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 26th April 2022



Authorised by:
Ross Anderson Chairman

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.