



# Murray Cod Australia Ltd

ASX:MCA

30 April 2021

## March 2021 Quarterly Activities Report

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

### **HIGHLIGHTS**

- **Sales receipts growth of 205% over March 2020 quarter**
- **State Winner, *delicious*. Produce Awards**
- **Woolworths trial to commence in May**
- **Average sale weight of 1.85 kilograms per fish (excluding fingerlings)**
- **New round ponds at Whitton site stocked**
- **Export shipments minimal for the March 2021 quarter.**

### Sales received increase of 205% over March 2020 quarter

Total sales received grew 205% for the quarter ending March 2021 compared to the March 2020 quarter. Sales have continued to grow since the sudden impact of COVID-19 in March 2020 caused export markets to cease.

### Insurance Recovery received this Quarter

As previously reported, a fire occurred in a feed shed during the December quarter which destroyed fish feed and some equipment which was stored in the shed. This feed and equipment had to be replaced during the quarter causing expenditure to occur before the insurance claim had been processed. Insurance recoveries of \$737,000 in respect of this



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event were received in the March 2021 quarter and are included in the cash flow statement.

## State Winner, *delicious*. Produce Awards

Aquna Sustainable Murray Cod has been selected as a State Winner at this year's *delicious*. Harvey Norman Produce Awards.

The *delicious*. Produce Awards now in its 16th year, unearth and champion Australia's best and most inventive primary produce and producers with an emphasis on provenance, seasonality and sustainable production methods.

As a 2021 State Winner, MCA has been invited to submit our Murray cod for national judging in Sydney next month. The national judging will determine the 2021 Gold Medalists and Trophy Winners.

## Woolworths Trial

MCA is delighted to announce that Aquna Sustainable Murray Cod will be launching as a premium branded product into the chilled seafood cabinet section of selected Woolworths stores. It is expected this will commence in May 2021. The opportunity to access the distribution power of this major retailer is a significant step in development for the Aquna brand within Australia.

The trial will not be material in volume or revenue to MCA. It will be for an initial 12 week period and will commence in New South Wales via targeted stores. Woolworths have already issued MCA with a vendor number and logistical details such as barcodes and distribution centre timeslots are currently being finalised.

Upon successful completion of the trial, The Company is looking forward to a broader cross-section of the Australian community having convenient access to our iconic Australian produce, via the Woolworths distribution network.



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## Growth in Distribution

As part of our focus on distribution within Australia, MCA is pleased to advise that a supplier agreement has been executed with PFD foodservices. PFD has over 3,000 employees located in over seventy branches across metropolitan and regional Australia. This agreement broadens our distribution immensely, particularly in regional areas where freight and logistics previously made it difficult to access our product.

Bidfood has also signed a supply agreement with MCA and this will further enhance the ability of food service businesses to access our products via the distribution power of Bidfood who supply 38,000 foodservice operators each month with food, meat and liquor.

The initial volumes ordered by these companies have no material financial impact to MCA, however MCA is planning initiatives to help these distributors grow their volumes.

## Grow-out performance

The March 2021 quarter saw excellent growing conditions, that have allowed stock to perform well. Fish growth and health in the ponds has been in-line with expectations for this period. Growth has increased as anticipated throughout the summer months. We expect fish growth to slow as temperatures drop over the coming months moving into winter.

Stocking out from the spawning season is now complete, with a total of 1.74 million from the 2020 spawning, now stocked out into production dams and nursery systems. This is in line with our 2030 growth strategy of achieving 10,000 tonnes.

## Domestic sales

Average sale weight for the quarter was 1.85 kilograms per fish. This is an increase on the December 2020 quarter and reflects an increase in food service and restaurant sales. During the quarter, MCA entered the Queensland and West Australian markets.

MCA has continued selling live Murray cod domestically. Sales are tracking ahead of target.



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## Whitton site update

Stage one of construction at the new Whitton site was during the March quarter and fish have been stocked into the site. Construction of stage two is now underway. Construction is expected to be complete in Spring so that stocking into pens can occur in the coming Summer.

## Export performance

Exports in the March quarter were immaterial. Small and sporadic shipments have gone to the USA in the March quarter and we are looking to re-enter that market in the near term.

MCA has been asked to re-enter the Japanese market at small volumes in May 2021 by our Japanese distributor. However this is a fluid situation and if further lockdowns occur in Japan it may not occur. The UK and European market re-entry is currently on hold due to additional Covid-19 lockdowns.

The executive team continues to work on the export strategy and we expect activities to resume in target countries as international markets re-open in food service and retail. We have increased our focus on the domestic market in the short-term.

## Conclusion

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 domestic market. 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;

- Anderson's Investment Services Pty Ltd, an entity related to Ross Anderson, in respect of Non-executive Chairman fees and superannuation \$2,750;



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- Mathew Ryan, Managing Director salary and superannuation \$54,749
- Bamford Partners Pty Ltd in respect of Martin Priestley non- executive director fees for \$8,439;
- 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 \$102,625;
- Payments to Commins enterprises, which is a related entity of Roger Commins, for engineering and repair works on commercial terms, for \$24,955; and
- Payments to Andersons Tax and Investment Services, a related entity of Ross Anderson, for accounting and administrative services on commercial terms for \$37,870. This excludes any work completed by Ross Anderson.
- Payments to Cirrus Pty Ltd, an entity related to David Crow, of \$10,000 for consultancy services and \$7,500 for non-executive directors fees

**ENDS**

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

**For more information contact:**

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## 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 2021

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	3,471	6,999
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	<3,750>	<9,017>
1.3 Dividends received (see note 3)		
1.4 Interest received	-	1
1.5 Interest and other costs of finance paid	<43>	<90>
1.6 Income taxes paid		
1.7 Government grants and tax incentives	-	726
1.8 Other – Insurance proceeds	738	738
<b>1.9 Net cash from / (used in) operating activities</b>	<b>416</b>	<b>&lt;643&gt;</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	<465>	<2,174>
(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		<14>
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	<8>
<b>2.6 Net cash from / (used in) investing activities</b>	<b>&lt;463&gt;</b>	<b>&lt;2,196&gt;</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2 Proceeds from issue of convertible debt securities		
3.3 Proceeds from exercise of options	221	269
3.4 Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5 Proceeds from borrowings	1,428	1,784
3.6 Repayment of borrowings	<87>	<211>
3.7 Transaction costs related to loans and borrowings		
3.8 Dividends paid		
3.9 Other (provide details if material)		
<b>3.10 Net cash from / (used in) financing activities</b>	<b>1,562</b>	<b>1,842</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of period	3,563	6,075
4.2 Net cash from / (used in) operating activities (item 1.9 above)	416	<643>
4.3 Net cash from / (used in) investing activities (item 2.6 above)	<463>	<2,196>

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,562	1,842
4.5	Effect of movement in exchange rates on cash held		
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>5,078</b>	<b>5,078</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	5,101	3,581
5.2	Call deposits		
5.3	Bank overdrafts	<24>	<19>
5.4	Other (provide details)	1	1
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>5,078</b>	<b>3,563</b>

**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

<b>Current quarter \$A'000</b>
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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**

*Note: the term "facility" includes all forms of financing arrangements available to the entity.*

*Add notes as necessary for an understanding of the sources of finance available to the entity.*

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	3,950	Nil
7.2 Credit standby arrangements	2,620	23
7.3 Other (Equipment Finance Facility)	2,894	2,894
<b>7.4 Total financing facilities</b>	<b>9,464</b>	<b>2,917</b>

7.5 **Unused financing facilities available at quarter end** 6,547

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.

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (Item 1.9)	416
8.2 Cash and cash equivalents at quarter end (Item 4.6)	5,078
8.3 Unused finance facilities available at quarter end (Item 7.5)	6,547
8.4 Total available funding (Item 8.2 + Item 8.3)	12,041
8.5 <b>Estimated quarters of funding available (Item 8.4 divided by Item 8.1)</b>	Not applicable as Cashflow from operating activities positive

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: 30<sup>th</sup> April 2021



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.