

AQUANA
Sustainable Murray Cod

MURRAY COD AUSTRALIA LIMITED

ASX code: MCA

Review - 1st Half of 2023 Financial Year



2019 Winner of
Excellence in Sustainability



2019 Winner of
Business of the Year

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All figures included in this presentation are in AUD\$ unless otherwise stated.



1st HALF FY2023 HIGHLIGHTS

- EBITDA \$482k, 115% increase to 1st half FY 2022
- Revenue increased 25% over 1st half FY 2022
- 50% increase in biological assets since 30th June 2022
- Cash reserves of \$17m on 31st December 2022
- Earthworks on 16 new ponds completed
- 250% increase in spawning over prior season
- Development application progressing on new hatchery
- Growth trajectory of 10,000 tonnes remains on track

THE 1ST HALF OF FY2023 IN REVIEW

Revenue increased 25% compared to same period last year, despite a reduction in availability of larger fish and a sales strategy aimed at building biomass.

Demand is much greater than supply as a result of limited stocking numbers during the summers of 2019/20 and 2020/21, during the COVID 19 pandemic.

With 250% increase in spawnings, there should be a marked increase in saleable Aquana fish in the next 18-24 months .

Value of biomass increased 50% since June 2022. Growing conditions up to early January 2023 were not ideal. A long cool spring slowed the rise in pond water temperature delaying growth in biomass that usually occurs late spring - early summer.

Growth in sales price:

- Chilled fish currently at \$24 - \$26 per KG
- Live fish sales selling at \$27 -\$30 per KG (this is a limited market)

With supply constraints and growing demand for our product, we anticipate further increases in price this during calendar year 2023.



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THE 1ST HALF OF FY2023 IN REVIEW

Supermarkets are currently a small part of total revenue. Sales are limited to a select number of retail Woolworths and Coles stores. Flooding in regional NSW and Victoria reduced access to some ponds during the December quarter, which resulted in unfulfilled orders to supermarkets for a period of time. We are maintaining our supermarket supply with the view to develop for future oncoming biomass and to supply value added products developed over time.

Investment to expand capacity and improve efficiencies at Silverwater and Euberta hatcheries resulted in a spawning increase of 250% compared to the 2021 season. This is a significant result and it keeps the company on track to achieve milestone of 10 thousand tonnes by 2030.

Earthworks on 16 ponds are complete. A wet spring had slowed the construction of these ponds and delayed installation of pen infrastructure on 6 ponds. We anticipate infrastructure on all ponds, penned and free range to be completed within the next 2 weeks. Stocking of all ponds is expected to be completed by early Autumn.

Development application for new hatchery has been approved by NSW Fisheries. Now waiting on Local Government approval. It is to be developed in stages over the next 5 yrs. When complete, this site will increase our existing hatchery capacity by 300%. Combined with both Silverwater and Euberta this will provide the fingerlings required to meet our 10,000 tonnes objective and support continued re-stocking of native fish to the Murray Darling Basin

The company plans to build 50+ free range ponds during the 2023 calendar year. Infrastructure cost to be approx \$50k per pond instead of \$300k per pond for pen systems currently used. Plans for the development of 50 ponds are in an advanced stage.

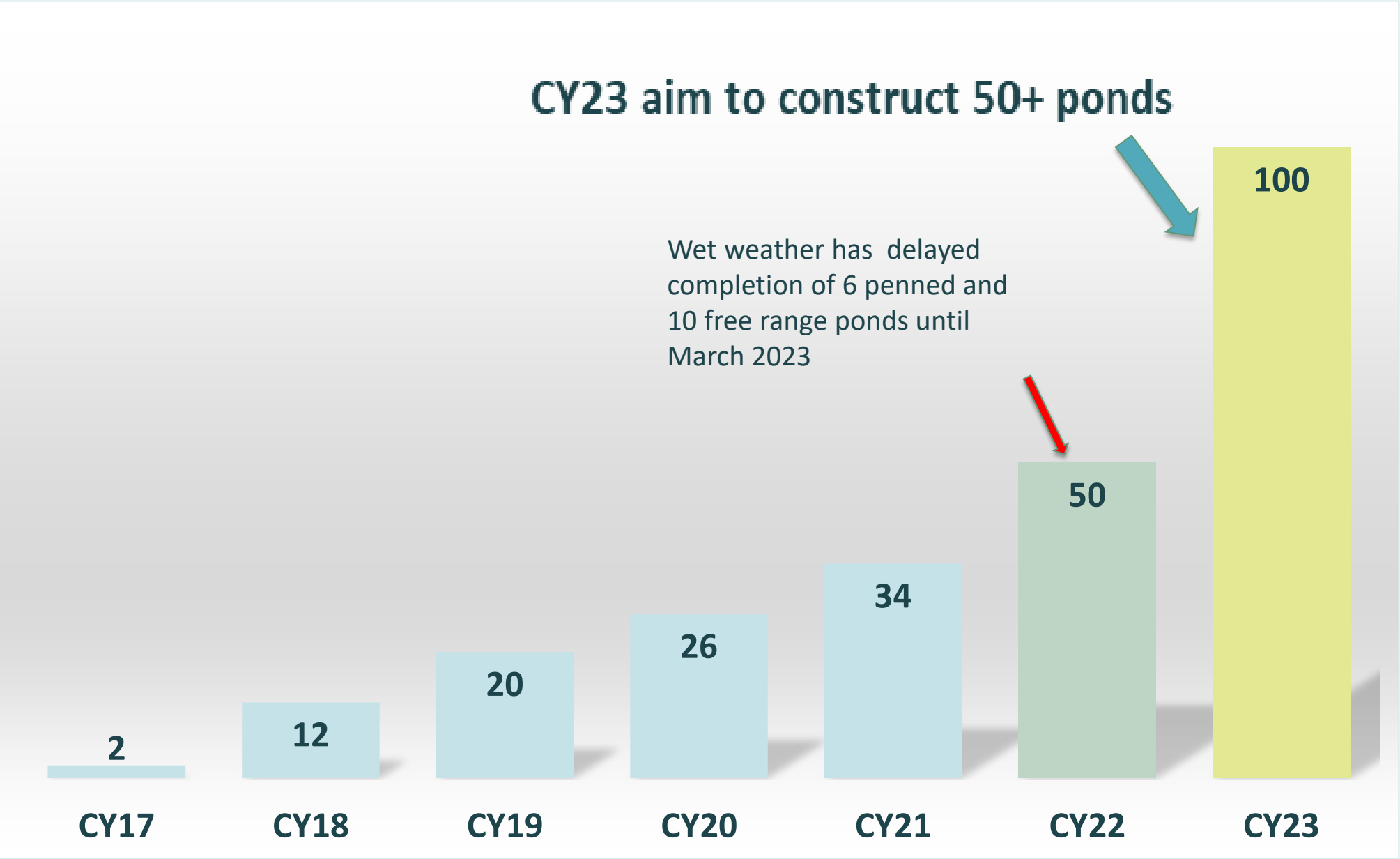


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GROWTH TRAJECTORY

- The company’s growth trajectory of 10,000 tonnes by 2030 remains on track
- Earthworks on 16 ponds are complete. 6 ponds will have pen infrastructure and 10 ponds will be to grow out free range Aquna Cod.
- During calendar year 2023 – MCA plans on developing an additional 50+ free range ponds

Number of ponds per calendar year



FINANCIAL OVERVIEW

- Revenue and gain in biological assets \$16.90M an increase of 132% to 1st half FY2022
- Strong balance sheet
 - Net assets \$76.7M
 - Land & buildings and water assets - \$29.8M
 - \$17m Cash as of 31st December 2022
 - \$5.7m unused finance facilities
- Net gain in fair value of biological assets increased to \$10.8m from \$2.3m compared to 1st half FY 2022

Total revenue - Including gain in value of biological stock



FINANCIAL YEAR 2023 OUTLOOK

- This season, significantly more fish are to be added to our juvenile ponds than will be sold to Government re-stocking.
- As a result, we estimate revenue from Government restocking will be approximately \$1m lower than last year.
- A cooler, wet 2022 spring kept water temperatures lower for longer, which slowed growth of fish.
- Conservative stocking approach during COVID 19 pandemic in summers of 19/20 and 20/21 has meant lower numbers of saleable fish now.
- Inflation - input and operational costs are rising.
 - Increases in energy costs expected in 2024
 - Increases in fish feed cost.. ..but
 - Better diet may improve Feed Conversion Rate and Specific Growth Rate providing feed efficiencies
 - Expect increase in labour costs due to inflation and building team for future development



PLANNED FY 2023 CAPEX BUDGET

- Hatchery development circa \$5 million on top of \$1.6m already spent
- New free-range ponds circa \$2.5 million
- Processing plant not until 2025/26
- New harvesting and other equipment circa \$1 million



PRICE INCREASE

- Aquana Murray Cod now priced at \$24/kg (whole round) compared to \$20/kg last year (no impact on demand)
- Larger fish over 2.0 kg are attracting a premium (\$26) due to scarcity of fish and demand by HORECA sector
- Live fish sales are achieving prices \$27 to \$30/kg



AIM TO BUILD MARGIN

- Price increases of 20% achieved
- Value adding on track
- Free range ponds lower OPEX
- FY 2023 spawning 250% increase to last season
- New weaning system & Bilbul site conversion - aim for lower CAPEX & OPEX
- Aquana branding – aim to increase margin
- Feed improvements
- Breeding program



VALUE ADDING EXAMPLE: AQUNA GOLD CAVIAR PROJECT

Keeping in line with our ethos – luxury and sustainability – we are currently developing a Murray Cod Caviar product with a leading Australian Caviar Company. Aquana branded Murray Cod Caviar will be the only exclusively Australian freshwater Caviar.

Initial organoleptic testing –

Murray Cod Caviar is described as:

- Bright golden champagne coloured appearance
- Fresh aroma, a delicate salty taste, an excellent texture combined with a “pop” sensation when eaten.

The availability of source is limited –

- Adult female Murray Cod weighing 4kg+
- Egg formation occurs during spawning period, a timeframe of 2 months.

Estimated return –

- Harvested 4kg+ adult female with eggs can potentially increase return by an additional 52% per fish (females only)
- Fish have been sexed and females set aside for 2023 production of caviar (this has reduced availability of stock for sale)



SPRING 2022 SPAWNING

Our spring 2022 spawning had a 250% increase, prior to season

As with last year we experienced colder than average temperatures. Plans made during 2022 to cater for possibility of colder season this spring have been very effective and a good result achieved.

Upgrades completed at existing hatcheries –

During 2022 we completed the upgrades to our existing hatcheries at Silverwater and Euberta. Currently examining further upgrades.

New Greenfield hatchery site

200-hectare site purchased at Gogelderie. Development Application progressing well. Aiming to commence construction on stage 1 during autumn 2023.



FREE RANGE PONDS

CY2023 – Aim to build 50+ new free-range ponds.

Each pond will have capacity to hold biomass of up to 50 tonnes

CAPEX and OPEX benefits –

CAPEX – reduction from \$300k per pond to circa \$50k per pond. But free-range ponds will be lower stocking rate. Expected savings of \$90M over 7 years as we expand to 10,000 tonne target

OPEX

- Lower operation costs
- Reduction in energy use
- Less labour intensive
- Minimal maintenance.

Fish benefits – based on our research, our free-range fish have shown:

- An increase in growth
- Excellent taste
- Better health
- Whole pond netting removes all threats from birds
- Lower density – 150kg m³ to 7-10kgm³

Expected challenges –

- Monitoring systems of fish being modified as the fish are not confined to a small net area
- Feeding system is being redesigned for the new grow out model, CAPEX savings can be achieved in this area.



NEW WEANING SYSTEM & CONVERSION OF BILBUL SITE

- New method aimed to increase juvenile production
- Juveniles are weaned at an earlier life stage
- Less infrastructure required
- Much lower capex required for expansion
- Higher output – smaller footprint
- Increased efficiencies driving costs savings
- Bilbul grow-out ponds are being converted to 100% juvenile production



New weaning system installed at the Silverwater Hatchery at Grong Grong.

BRAND, MARKETING, EXPORT

- Significant rise in consumer awareness, resulting from targeted digital marketing
- Aquana brand recognition by renowned chefs as a producer of an excellent quality product
- We continue to invest in developing our brand and product in international markets, in anticipation of planned increases in production
- Export groundwork continues to open new markets despite current supply shortage. USA open and allocated small numbers. Export has not re-commenced into Japan yet. Europe – looking to change to frozen.
- Strong global enquiries from Vietnam, Singapore, Malaysia, Dubai, Canada



DEMAND EXCEEDING SUPPLY

- Demand is exceeding supply, which is impacting the availability of saleable size fish in the 2.0 kg+ range over the next 12 months.
- The high demand for our product, while pleasing, requires continued forecast modelling of available saleable fish, in providing balance with a continued focus on high margins.
- Time is our limitation as the growth of a fish to saleable size can take 2+years.
- Moving to a juvenile production method in ponds vs RAS has slowed production cycle but saved significant CAPEX going forward
- Segregation of Caviar stock and broodstock reduces near-term sales with the aim of improved longer-term returns



RESEARCH & DEVELOPMENT

Out of season spawning –

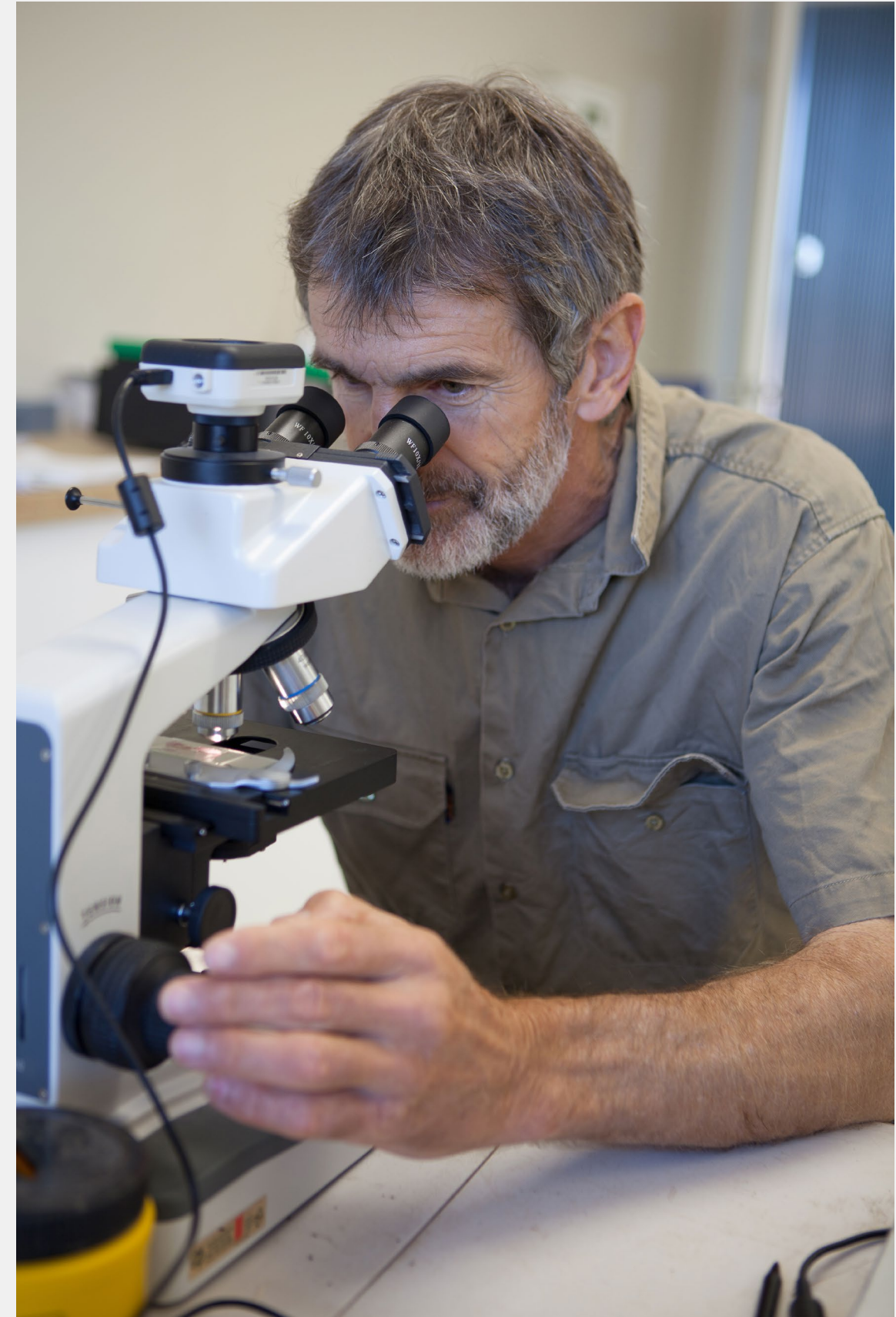
In April 2022, MCA commenced out of season spawning trial. Limited success was achieved in 2022 year, however, expect 2023 to improve as broodstock now adjusted to new environment and minor husbandry changes effected

Feed trials –

- New initiatives such as feed approved to meet ‘Halal’ requirements of middle eastern countries
- Feed trial of 100% plant-based proteins – dubbed our “vegan” feed
- Currently engaging with feed suppliers for the development of a feed recipe that is specific to Murray Cod from juvenile to grow out. The focus is to develop a feed that increases the current rate of feed conversion, whilst further improving the health of our fish.
- Any new fish diet must adhere to our four founding principles of Quality, Innovation, Integrity and Sustainability.

Breeding Program –

- Continuing our development with CSIRO in developing a specific Aquana Murray Cod that exhibits the required attributes:
 - Fast growth
 - Ideal body composition – shape, and flesh to fat ratio
 - Lower aggression
 - Easy handling
 - Better health





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Aquna has created a luxury fish product by combining natural processes evolved over millions of years with cutting edge technology that has resulted in a fantastic quality fish.

- Heston Blumenthal, Michelin Starred Chef

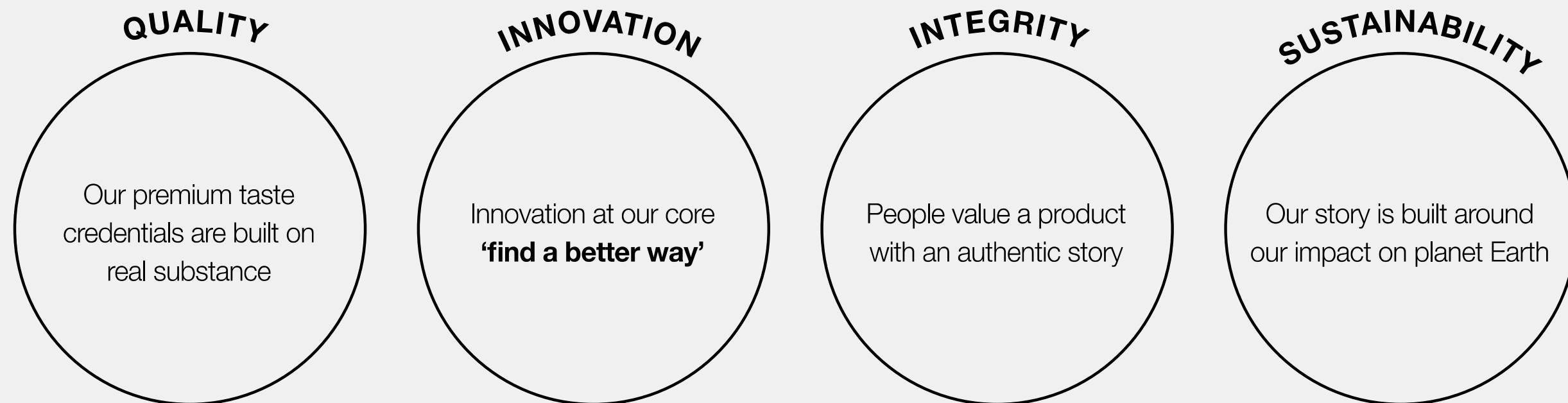


WHAT WE BELIEVE IN

— BRAND POSITIONING —

Life Tastes Better Our Way.

At Aquana Sustainable Murray Cod, we believe the best product comes from the best approach. We want to make an impact on people's plates and their wider lives by inspiring a better way to deliver the future of food production.



SUSTAINABILITY

Land based model - sustainable

- Nutrient enriched water from ponds goes out to irrigate crops and pastures on adjoining fields

Restocking Program

- MCA is a primary commercial supplier of larvae and fingerlings to governments who re-stock the Murray Darling Basin

New Initiatives

- The company is providing large Murray Cod to NSW Department of Fisheries to replace large cod that perished in the Darling river, during the last drought.

Fingerlings we have released during Summer 22/23

- 800k Murray Cod fingerlings
- 116k Silver Perch fingerlings
- 161k Golden Perch fingerlings





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