



Murray Cod Australia Ltd

ASX:MCA

31st January 2023

December 2022 Quarterly Activities Report

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

Highlights for December 2022 Quarter

- **Customer Receipts up 39% for the half year.**
- **Spawnings 250% increase over last year**
- **Cash Reserves of \$17million at 31 December 2022**
- **Price of fish has increased**
- **Average weight of fish sold for December 2022 quarter was 1.5kg**
- **Development at Whitton on track after wet weather delays**
- **New Hatchery Development Application Lodged**
- **Cost of Sales impacted by proportion of contract grower harvests**
- **Growth Plans remain on track for ten thousand tonnes in 2030**

Customer Receipts Increased 39% over 6 months to December vs December 21

Receipts from customers for the first 6 months rose 39% over the December 2021 half year. Receipts fell 7.40% for the December 2022 quarter compared to the December 2021 quarter. This was largely due to a reduction in availability of 2.5kg plus size fish and a sales strategy aimed at building biomass.

While demand for the product continues to grow, a number of factors have impacted on fish availability during the period, most notably conscious decisions to reduce stocking levels (against plans) during the summers of 2019/20 and 2020/21 during the pandemic. With a



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two-plus year growth cycle for Murray cod, shortages of supply have been experienced in larger size grades within the reporting period.

The company is positioned to capitalise on growing demand with increased fish stocks, a skilled team and cash reserves of \$17 million on hand at 31 December 2022.

250% Increase in Spawnings vs 2021 Season

The company is pleased to announce that investments to expand capacity and improve efficiency at both Silverwater and Euberta hatcheries have provided good results. Our teams at the hatcheries have achieved a 250% increase in spawnings compared to the 2021 spawning period.

Larval weaning has been successful this season in reducing times required to move fish from hatchery to juvenile facilities. It is expected that none of the 12 ponds at our Bilbul site will be used for grow-out production from this season onwards. It is intended that the Bilbul site will be used exclusively for holding for juvenile fish.

MCA continues to support government re-stocking programmes with provision of fish from the company's hatcheries. After fulfilling our government contracts we anticipate having ample supplies of fingerlings to maintain and build on the planned growth trajectory.

Growth in Sales Price

The price per kg of chilled fish currently sits at \$24 per kg. Live fish in the 1.2 to 2kg grade are selling for \$30 per kg in limited quantities. Prices of live fish below 1.2kg have increased from \$24 to \$27 per kg from 1 December 2022. With growing demand the Company will continue to focus on maximising value for its high-end product.

Aquna Sustainable Murray Cod is positioned as a luxury food product rather than a commodity. Our strategy of service and brand attribution will continue to drive our target of increasing prices in excess of inflation rates.

Supermarkets

Flooding in regional NSW and Victoria reduced access to some ponds due to closed roads during the December quarter and as a result there were some unfulfilled orders at supermarkets for a period of time.



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We are maintaining our supply to supermarkets but do not anticipate short term increases in supply to that sales channel as we wait for existing fish stocks to continue growth.

Whitton Site Development Slowed by Wet Weather

Construction of stage 3 of the Whitton site is close to completion. Earthworks are complete on six ponds and they have been filled with water. Pen infrastructure for those six ponds is being installed at present. The remaining ten ponds have been slower to complete as a result of wet weather. Completion of those ponds is anticipated within 2 weeks with stocking to commence thereafter.

New Hatchery – Development Application Submitted

As announced last quarter a property has been purchased which is to be developed as a hatchery site. It is approximately 200 hectares and planning for the hatchery development is now completed. The Development Application has been lodged. When complete this site will increase our existing hatchery capacity by 300%.

Growth Plans remain on track for ten thousand tonnes in 2030

The Company's plans remain on track for MCA to meet its target of producing ten thousand tonnes of Aquana Sustainable Murray Cod by the year 2030.

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 markets. We look forward to providing future updates to shareholders on our continued progress.



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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 \$138,125
- Ross Anderson, Executive Chairman salary and superannuation \$36,833
- Bamford Partners Pty Ltd in respect of Martin Priestley non-executive director fees for \$58,065
- Brigalow Enterprises Pty Ltd in respect of Roger Commins non-executive director 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 \$491,130; and
- Payments to Commins Enterprises, which is a related entity of Roger Commins, for engineering and repair works on commercial terms, for \$867,704.
- Anderson's Investment Services Pty Ltd in respect of Executive Chairman fees \$14,667.

ENDS

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

For more information contact:

Ross Anderson

Murray Cod Australia

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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 December 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	2,780	6,073
1.2 Payments for		
(a) cost of sales – contract grower purchases	<1,239>	<2,307>
(b) cost of sales – cattle	<219>	<258>
(c) cost of sales – feed and chemical	<955>	<1,632>
(d) cost of sales – other	<330>	<687>
(e) operating costs	<1,195>	<2,382>
(f) advertising and marketing	<91>	<194>
(g) leased assets	<186>	<320>
(h) payroll and employment costs	<1,844>	<3,444>
(i) administration and corporate costs	<189>	<375>
Total 1.2	<6,248>	<11,599>
1.3 Dividends received (see note 3)		
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid	<51>	<88>
1.6 Income taxes paid		
1.7 Government grants and tax incentives	52	61
1.8 Other – Insurance proceeds	10	10
1.9 Net cash from / (used in) operating activities	<3,456>	<5,542>
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities		
(b) businesses		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
	(c) property, plant and equipment	<1,828>	<4,699>
	(d) investments		
	(e) intellectual property		
	(f) other non-current assets		
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	<1,828>	<4,699>

3.	Cash flows from financing activities		
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		
3.4	Transaction costs related to issues of equity securities or convertible debt securities		
3.5	Proceeds from borrowings	169	606
3.6	Repayment of borrowings	<175>	<333>
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	<6>	273

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	22,290	26,968
4.2	Net cash from / (used in) operating activities (item 1.9 above)	<3,456>	<5,542>
4.3	Net cash from / (used in) investing activities (item 2.6 above)	<1,828>	<4,699>
4.4	Net cash from / (used in) financing activities (item 3.10 above)	<6>	273
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	17,000	17,000

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	7,033	22,324
5.2	Call deposits	10,000	
5.3	Bank overdrafts	<34>	<35>
5.4	Other (provide details)	1	1
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	17,000	22,290

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**

1,615

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	3,140	-
7.2 Credit standby arrangements	2,620	34
7.3 Other (Equipment Finance Facility)	2,546	2,546
7.4 Total financing facilities	8,306	2,580

7.5 **Unused financing facilities available at quarter end** 5,726

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)	<3,456>
8.2 Cash and cash equivalents at quarter end (Item 4.6)	17,000
8.3 Unused finance facilities available at quarter end (Item 7.5)	5,726
8.4 Total available funding (Item 8.2 + Item 8.3)	22,726
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	7

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: 31st January 2023



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.