

For immediate release

26 February 2021

# Terragen

## ASX Announcement

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### Half-year results to 31 December 2020

**Terragen Holdings Limited (ASX: TGH) 26 February 2021** – Australian agricultural company Terragen Holdings Limited (“Terragen”) is pleased to provide this financial and operational report for the half-year ended 31 December 2020.

#### Highlights

- Revenue growth underpinned by sales growth of *Mylo*<sup>®</sup>
- Strong sales revenue growth resulted in a 73% increase year on year, from \$0.795 million to \$1.38m. This growth is underpinned by a 339% increase in *Mylo*<sup>®</sup> sales compared with the same period last year
- Prioritisation on sales of *Mylo*<sup>®</sup> with the commencement of a marketing campaign to build brand awareness for Terragen and *Mylo*<sup>®</sup>
- Well positioned for growth with cash reserves of \$14.1 million at 31 December 2020

#### Financial Summary

Net sales revenue for the half-year was \$1.38m, an increase of 73% on the previous corresponding period (PCP).

Sales of *Mylo*<sup>®</sup> were up 339% over the same period. This reflects Terragen’s prioritisation on sales of *Mylo*<sup>®</sup>, specifically for use in calves and mature dairy cows.

Operating expenditure for the half-year was \$3.45m for the half-year, slightly less than the PCP by \$103k or 3%. Despite increased costs related to the recruitment of new sales, marketing and production staff, as well as an increase in advertising and marketing expenditure, these expenses were offset by the one-off costs relating to Terragen’s IPO in December 2019.

In addition to operating expenses, included in total expenses was the recognition of a one-off non-cash share-based provision of \$1.66m for employee options issued to the Managing Director (MD). The MD options were approved by shareholders at the Annual General Meeting held on 18 November 2020 and

**Terragen Holdings Limited**

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issued on 4 December 2020. Given that the options vested immediately, full accounting recognition of the value of the options was required in December 2020.

## **Operational Highlights**

Management's primary focus during the six months to 31 December 2020 was on executing its strategy to reach cash break-even by continuing activities that support and increase sales of *Mylo*® to dairy farmers. Consideration has also been given to projects that will benefit Terragen's growth plan in the long term.

### Activities undertaken to support sales:

- Sales and marketing activities were focused on sales of *Mylo*® to dairy farmers in Victoria, South Australia and Tasmania.
- Recruitment of a General Manager for New Zealand was commenced.
- A 12 month marketing program was launched, which includes the use of social media, television, digital and print media, to raise awareness and understanding of the Terragen and *Mylo*® brands.
- New blending equipment to increase internal production capability and decrease reliance on external service providers was installed and commissioned.
- Research and development into the benefits of *Mylo*®, the potential impact of *Mylo*® on greenhouse gas emissions from cattle and possible changes in gut and soil microbiomes from the use of *Mylo*® and *Great Land*® was continued.
- Studies to strengthen the production and manufacturing processes of Terragen's products as the business continues to scale-up were commenced.

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## About Terragen Holdings Limited

Terragen develops and markets biological products for agricultural applications. Each product uses a unique combination of naturally occurring live microbe strains selected to help boost the productivity, welfare and resilience of farm production animals and address soil health. Terragen's aim is to increase farm productivity through the use of these products, whilst providing improved environmental sustainability that will be attractive to consumers.

Terragen has two products on the market in Australia and New Zealand: a microbial feed supplement, *Mylo*<sup>®</sup>, for animals, and a soil conditioner called *Great Land*<sup>®</sup>.

**For further information, please contact:**

Terragen Holdings Limited	Authorisation and Additional Information
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