

# Terragen

## ASX Announcement

### Quarterly Activities Report and Appendix 4C

#### for the three months ended 31 March 2021

**Terragen Holdings Limited (ASX:TGH) 19 April 2021** – Australian agricultural company Terragen Holdings Limited (“Terragen”) is pleased to provide an update on its activities in the three month period ended 31 March 2021.

#### Highlights

- Sales for the quarter up 78% compared with the same quarter last year
- Cash reserves of \$12.9 million at 31 March 2021 positioning Terragen well for growth
- Appointment of Paul Grave as General Manager New Zealand

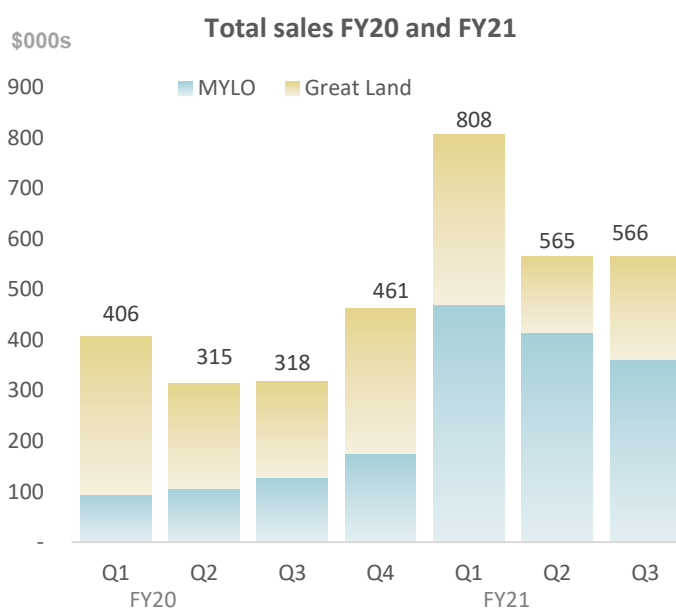
#### Financial Highlights

Net sales for the quarter were \$0.56 million.

This is a 78% increase on the same quarter last year.

Sales of *Mylo*® were up 181% compared with the same quarter last year, but down 15% quarter on quarter. This reflects the seasonality of dairy calving, with the majority of calving to take place later in spring. There was a modest uptake of sales of *Mylo*® for mature dairy cows which is not seasonal and remains Management’s focus for sustainable sales growth.

Operating expenditure for the March 2021 quarter of \$1.85 million was lower than the \$2.01 million spent in the December 2020 quarter. Research and development projects are continuing, along with a focus on advertising and marketing, with no out of the ordinary expenditure during the quarter. As a result, the reduction in expenditure is largely due to the timing of expenditure, with expenses continuing to be well managed.



#### Terragen Holdings Limited

Unit 6, 41 Access Crescent, Coolumb, QLD, 4573, Australia  
+61 1300 837 724 | <http://www.terrigen.com.au/> | 36 073 892 636

The Company made payments totaling \$0.165 million to related parties during the quarter for Directors' remuneration.

Attachment 2 provides a comparison of expenditure incurred in the period from 11 December 2019 (being the date the Company's securities commenced trading on the ASX) to 31 March 2021 of the proposed Use of Funds disclosed in Terragen's Prospectus.

## **Operational Highlights**

### *Sales Strategy*

Management's focus is on growing sales in Australia and New Zealand.

During the March 2021 quarter the emphasis on the sales strategy has included the following:

- appointing the General Manager New Zealand (details provided below);
- undertaking the recruitment of a new General Manager Sales, who will oversee the management of the Australian sales team. This appointment is nearly complete;
- development of new technical training materials for *Mylo*® and delivering this training to all sales team members;
- driving sales of *Mylo*® for dairy calves first in spring and autumn, where quick results are apparent, and then targeting these dairy farms for *Mylo*® to be used in their mature cows;
- promoting the *Mylo*® pump program which supports the delivery of *Mylo*® direct to the feed of cows while they are being milked;
- appointing an expert sales coach to drive the sales campaign; and
- continuing a significant marketing campaign to all dairy farmers promoting the Terragen brand and *Mylo*® (details provided below).

### *General Manager New Zealand appointed*

Paul Grave has been appointed as the General Manager New Zealand for Terragen. Paul commences on 10 May 2021. Paul is a business leader, strategist, innovator and team builder with extensive experience in the dairy industry in New Zealand, with a significant part of his career in senior roles with Fonterra.

His achievements include driving significant strategy and implementation programs in New Zealand agriculture, including organic farming, winter milk sourcing, farmer engagement models and the delivery of on-farm productivity tools.

Paul will play an important and critical role establishing Terragen's distribution channels that drive growth in sales and market penetration. Paul will be responsible in recruiting and leading a high-performing team that will drive the success of Terragen in New Zealand.

#### **Terragen Holdings Limited**

Unit 6, 41 Access Crescent, Coolumb, QLD, 4573, Australia  
+61 1300 837 724 | <http://www.terragen.com.au/> | 36 073 892 636

### Marketing

A tactical marketing campaign for *Mylo*® continued through the March 2021 quarter to raise product awareness and drive demand heading into autumn calving and throughout the year in mature dairy cows.

Social media, free-to-air television advertisements, digital and print advertisements were deployed to target dairy farmers and industry influencers in the key dairy regions.

Digital advertising across specialist dairy websites achieved high engagement with more than 483k impressions, 113k video views and 2k clicks though to the Terragen website.

*Click on the link to see the video: [Terragen Mylo 15sec - Bing video](#)*

The 4-week television campaign in January and February 2021 targeting dairy farmers across regional Victoria achieved a reach of more than 500k people with each person seeing the advertisement 10 times on average during the period.

Traffic to the Terragen website increased by 151% from December 2020 to February 2021.

The marketing campaign will continue during 2021, as a planned 12-month program to raise awareness and understanding of the Terragen brand and its ability to drive sustainability in agriculture through its products, *Mylo*® and *Great Land*®.

### Ongoing research and development projects

Terragen is continuing its studies and trials on the benefits of *Mylo*® and *Great Land*®, as well as studies to optimise its products and processes. Terragen will keep the market updated on the progress of these projects.

### Impact of COVID-19

COVID-19 has had a negligible impact on Terragen's production and distribution activities during the March 2021 quarter.

## 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*®, for animals, and a soil conditioner called *Great Land*®.

**For further information, please contact:**

<b>Terragen Holdings Limited</b>	<b>Authorisation and Additional Information</b>
Travis Dillon Chairman <a href="mailto:media@terragen.com.au">media@terragen.com.au</a>	This announcement was authorised by the Board of Directors of Terragen Holdings Limited
Jim Cooper Managing Director and CEO + 61 417 321 145 <a href="mailto:jimc@terragen.com.au">jimc@terragen.com.au</a>	

## Appendix 4C

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

**Name of entity**

TERRAGEN HOLDINGS LIMITED

**ABN**

36 073 892 636

**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	550	2,078
1.2 Payments for		
(a) research and development (direct and indirect)	(245)	(491)
(b) product manufacturing and operating costs	(90)	(380)
(c) advertising and marketing	(178)	(424)
(d) leased assets		
(e) staff costs	(937)	(2,628)
(f) administration and corporate costs	(404)	(1,651)
1.3 Dividends received (see note 3)		
1.4 Interest received	28	96
1.5 Interest and other costs of finance paid	(1)	(6)
1.6 Income taxes paid		
1.7 Government grants and tax incentives (Comprising \$14.3k NSW Department of Industry grant)	14	157
1.8 Other (provide details if material)		
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,263)</b>	<b>(3,249)</b>

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(58)	(304)
	(d) investments	-	-
	(e) intellectual property	(19)	(44)
	(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)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(77)</b>	<b>(348)</b>

<b>3.</b>	<b>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	270	373
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(62)	(185)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>208</b>	<b>(188)</b>

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
--------------------------------------	----------------------------	---------------------------------------

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	14,099	16,377
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,263)	(3,249)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(77)	(348)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	208	188
4.5	Effect of movement in exchange rates on cash held	1	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>12,968</b>	<b>12,968</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	12,968	14,099
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>12,968</b>	<b>14,099</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
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

Current quarter \$A'000
165
-

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

**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.*

7.1 Loan facilities

7.2 Credit standby arrangements

7.3 Other – finance lease liabilities

7.4 **Total financing facilities**

Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
-	-
302	302
302	302

7.5 **Unused financing facilities available at quarter end**

-

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.

Financing facilities represent liabilities under leasing arrangements determined in accordance with the requirements of AASB16. These leasing facilities are secured against assets with a written down book value of approximately \$0.302m as at 31 March 2021. All leases have a maturity date of less than 5 years.

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(1,263)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	12,968
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	12,968
8.5 <b>Estimated quarters of funding available (Item 8.4 divided by Item 8.1)</b>	10

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

- 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:

**Not applicable**

- 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:

**Not applicable**

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

Answer:

**Not applicable**



## 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: **19 April 2021**

Authorised by: **The Board of Directors of Terragen Holdings Limited**  
(Name of body or officer authorising release – see note 4)

## 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.

## Attachment 2

### Comparison of expenditure in the period 11 December 2019 to 31 March 2021 to the Use of Funds in the Prospectus dated 18 October 2019

Use of Funds	Expenditure incurred since Listing \$000s (Note 1)	Use of Funds per Prospectus \$000s (Note 2)	Actual expenditure as a % of Proposed Use of Funds
Commercialisation - Australia and New Zealand	2,745	4,300	63.8
Market Development and Support - Animal Nutrition	527	4,100	12.9
Market Development and Support - Animal Health	598	3,900	15.3
Market entry and commercialisation - USA	6	1,100	0.6
Market entry and commercialisation - Europe	-	900	0.0
Formulations and technology development support	736	1,900	38.7
Administration costs and working capital	1,152	2,500	46.1
Payment of costs of the offer	1,468	1,500	97.9
	7,232	20,200	35.8

**Note 1** – Represents expenditure incurred in the period from 11 December 2019 (being the date the Company's listing on the ASX) to 31 March 2021 analysed according to the categories of expenditure set out in the Use of Funds included at Section 7.3 of the Prospectus dated 18 October 2019.

**Note 2** – Represents the Proposed Use of Funds for the 24-month period following listing as set out in Section 7.3 of the Prospectus dated 18 October 2019.

The Company confirms that its cash reserves are sufficient to implement its commercialisation and development objectives set out in the Prospectus. As noted in previous reports and taking into consideration current market conditions, the Company is focusing on growing sales in Australia and New Zealand and has deferred the previously planned expansion into the USA and European markets.

#### Terragen Holdings Limited

Unit 6, 41 Access Crescent, Coolumb, QLD, 4573, Australia  
+61 1300 837 724 | <http://www.terragen.com.au/> | 36 073 892 636