

For immediate release

30 August 2022



ASX Announcement

Full Year results to 30 June 2022

Terragen Holdings Limited (ASX:TGH) 30 August 2022 – Australian biological agriculture company Terragen Holdings Limited (“Terragen”) provides this financial and operational report for the full year ended 30 June 2022.

Highlights

- Net sales revenue of \$2.2m (down 18% vs prior comparison period (PCP) of \$2.7m)
- Net sales of core product MYLO® flat year on year at \$1.7m
- MYLO® H2 net revenue increased +6.1% vs PCP (FY22 H2: \$891k) as sales activity resumed after easing of COVID-19 lockdown restrictions in Victoria and Tasmania dairy regions
- 1 in 23 Australian dairy cows on MYLO® every day, representing 4.4% market share as at 30 June 2022
- Completion of the Sales Team restructure in H2 with a new sales manager appointed in the South Island of New Zealand
- Farm Source (Fonterra) appointed as store distribution network in New Zealand and now stocking and selling MYLO® to New Zealand dairy farmers
- Release of results from research conducted at Ellinbank SmartFarm, confirming that dairy cows on MYLO® emitted 7.5% less methane
- Cash was \$6.7 million at 30 June 2022

FY22 Financial Summary

Sales revenue net of agent commissions for the full year was \$2.2m, a decrease of 18% on the previous corresponding period (PCP).

Sales of MYLO® in FY22 recovered after a COVID-affected H1 to deliver a flat result year on year (-0.4% vs PCP).

The +6.1% sales growth in H2 offset the sales decline experienced in H1. This year-on-year growth in H2 reflects an encouraging half for MYLO® as the completion of the Sales Team restructure resulted in gaining traction in the market.

One in twenty-three Australian lactating dairy cows take MYLO® as a feed supplement every day (63,260 lactating cows, representing 4.4% of the Australian dairy cow market as at 30 June 2022).

Terragen Holdings Limited

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Operating expenditure for the full year was \$8.6m, adverse \$0.5m (6.2%) vs PCP.

H2 operating expenditure represents a cost reduction of \$0.4m (8.3%) vs PCP, as Terragen sought to mitigate a difficult trading environment.

Total loss for FY22 of \$(5.4m), was favourable \$0.7m vs FY21. The prior year contained expenses of \$(1.66m) related to employee options. FY22 does not contain any costs of this type.

Operational Highlights for FY22

Terragen's primary focus for FY22 was the execution of the sales strategy to achieve cash breakeven through sales of MYLO® to dairy farmers in Australia and New Zealand. This execution process was hindered in H1 by the industry impacts of COVID-19 movement restrictions however success could be seen in certain areas, in particular in H2.

- In Australia, the restructure of the Sales Team was completed in late-2021. The team has now completed their induction into Terragen's science and they are taking this to customers and stakeholders.
- Terragen has stepped up its technical sales capability with the recruitment of a veterinary scientist, who is focussed on product performance analysis for customers and growing sales to the beef feedlot sector.
- Terragen has stepped up its social media presence in recognition of the manner in which customers are accessing research and support for their farm activities.
- In New Zealand, there is now a sales team with representation in the key dairy areas of the Waikato (North Island) and Canterbury (South Island).
- Underpinning the sales effort in New Zealand, Terragen signed a distribution agreement with Fonterra's Farm Source retail outlets during H2. This will provide critical geographical coverage to allow Terragen to reach its customers through the extensive Farm Source store network which services the vast majority of New Zealand dairy farmers.

MYLO® feed supplement reduces methane in dairy cows

As Terragen announced to the market on 21 April 2022, findings from the study conducted at the Victorian Government Ellinbank SmartFarm reported that cows treated with a daily dose of MYLO® showed lower methane emissions than a control group. The cows on MYLO® also showed an improved feed conversion efficiency and produced more milk.

In June 2022, Victorian Government scientists from the Ellinbank SmartFarm attended the 8th Greenhouse Gas in Animal Agriculture Conference in Orlando Florida, where the Ellinbank results for MYLO® methane reduction were presented.

Terragen has been pleased with the level of enquiry from industry stakeholders following the announcement and presentation of these results.

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Research and Development

- Terragen has issued an international request for proposal for the development of a dry formulation of MYLO®. Responses will be assessed in September 2022. When ready, dry MYLO® will open up markets in Australasia and overseas, improve shelf-life and reduce logistics costs.

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 to 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 direct fed microbial supplement for animals known as MYLO® and a soil conditioner known as GREAT LAND PLUS®.

For further information, please contact:

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