

For immediate release

16 November 2022



Terragen

ASX Announcement

Terragen Holdings Limited 2022 Annual General Meeting

Terragen Holdings Limited (ASX:TGH) will today address shareholders at its Annual General Meeting, commencing at 12pm AEDT.

Attached is a copy of Managing Director's presentation and address to be given by Mr Jim Cooper, Managing Director and CEO.

Miles Brennan
Company Secretary

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:

Terragen Holdings Limited	Authorisation and Additional Information
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Jim Cooper, Managing Director and CEO, Terragen Holdings Limited
Presentation to the AGM, Wednesday 16 November 2022

Good afternoon shareholders and welcome to your annual general meeting for 2022.

Today I will talk to you about: the business environment; our financial results; Terragen's strategy; the progress Terragen has made in the past year; MYLO®'s competitive edge; the search process for a distribution partner; technology developments; and the focus for the coming year.

The business environment

The first half of FY22 was, as you all know, impacted by COVID-19 lockdowns, which prevented Terragen from meeting agents and farmers. It severely hampered our sales efforts.

Milk prices have risen significantly during the year, with reducing supply of milk and increased demand from milk processors. This has favoured Terragen's business, particularly as MYLO® increases milk production, which in turn generates a higher return on investment for our customers.

Rising farm input prices, for fertiliser, especially urea, and also fuel, have caused anxiety for Terragen's farmer customers. Again, this has favoured Terragen's sales process as we focus on productivity for the customer driven by the use of our products.

The sustainability of agriculture production has continued to increase in focus, driven by governments in Australia and New Zealand and new targets which have been set to reach carbon reduction targets. Food producers and retailers, as well as corporate farms are looking for ways to reduce greenhouse gas emissions. This has resulted in positive discussions with Terragen regarding the role our products can play in reaching sustainability targets.

The highest rainfall in 50 years across the areas in which our customers are farming has hampered farm operations and we will see the impact of this in early 2023.

Lastly, equity markets, particularly for companies such as Terragen, have severely tightened, raising the importance of preserving capital and managing costs.

Financial result for FY22

Net revenue for FY22 was \$2.2 million.

The cash burn for the year was \$5.0 million, leaving a cash reserve of \$6.7 million at 30 June 2022.

Terragen recognises that cash burn at this rate is not sustainable with our current cash reserve.

Changes are needed to improve the Company's position. We are highly focussed on this and we are investigating all options to remedy the situation.

We will continue to keep the shareholders updated on this situation.

Terragen's strategy

Terragen is a specialist in developing, making and selling biological products for farming. These products improve the productivity and wellbeing of livestock, and they increase soil health and crop growth. All of this improves farm productivity.

Terragen and our customers have confidence in our products. They work.

Terragen's focus is on dairy farmers in Australia and New Zealand. During the year we also started selling MYLO® to beef feedlots in Victoria and New South Wales, with positive early results.

During the year we extended our strategy.

In June 2022 scientists from the Victorian Government Ellinbank SmartFarm travelled to Orlando, Florida and presented at a conference the results from their study on MYLO® in dairy cows, which showed a reduction of methane emissions, an increase in feed conversion efficiency, higher milk production and weight gain in the cows.

I also attended that conference, which was the annual gathering of scientists from around the world seeking to reduce greenhouse gas emissions from animals in agriculture.

Publicity from Terragen's methane reduction results and our attendance at this conference led to enquiries from companies seeking new products to reduce methane emissions from livestock.

Recognising these enquiries, Terragen is now searching for a distribution partner for its products in overseas markets.

International distribution of our products is a key component of Terragen's future success.

Progress made in the business

I will now turn to the progress we have made in execution of the strategy.

Our market share of lactating dairy cows in Australia is now 4.7%, or 1 in 21 mature dairy cows, which are fed MYLO® every day.

Terragen established distribution arrangements in New Zealand, particularly with Fonterra Farm Source, as well as other specialist outlets, including vet chains.

With over 70,000 dairy cows on MYLO® every day, the operating expertise we have gained has provided a valuable platform for discussions with potential distribution partners.

In addition to announcing MYLO®'s original methane reduction results from the Victorian Government Ellinbank SmartFarm, we were pleased to see a grant of funds from the Australian Government for a second round of research on methane reduction at higher doses of MYLO®, again to be conducted by Ellinbank SmartFarm.

Lastly, we are pleased to note that we have made progress towards developing dry MYLO®, which I will talk to in more detail in a moment.

MYLO®'s competitive advantage

It is important to pause on the competitive advantage of our product MYLO®, because this will be the foundation of our opportunities from now.

MYLO® is the only direct fed microbial product available in market which reduces methane in cattle, increases productivity and improves the health of livestock.

Further, MYLO® is priced well, it delivers a healthy return on investment to farmers and most importantly for sustainability – it is not a chemical!

New promotional video on MYLO®

I will now show a 3 minute video, released by Terragen this week, directed at our farmer customers, which explains how MYLO® works.

The presenter is Dr Joss West, Terragen's Veterinary Scientist.

Appointment of MA Moelis Australia

To provide support in the search for a new distribution partner, Terragen has appointed MA Moelis Australia.

This process has already commenced. There is a focus on identifying a partner with capability to distribute Terragen's products in overseas markets.

Technology developments

At the heart of Terragen is a deep commitment to technology and development.

We achieved much in technology development this year, which directly assists our strategy, and I have alluded to these developments earlier in this presentation:

- In a study from the Victorian Government Ellinbank SmartFarm, we announced results in April 2022 of a 7.5% methane reduction in dairy cows from a baseline dose of 10ml of MYLO® per day; higher feed conversion efficiency and milk production, and weight gain of 21% more than cows not on MYLO®.
- We received Australian Government funding for a second study of MYLO® in dairy cows at a higher dose per day, seeking a higher reduction of methane. This new study will also be led by Ellinbank SmartFarm and will commence in February 2023.
- Lastly, we have made good progress on developing a dry formulation of MYLO®, including as pellets and air-dried feed.

Importance of dry MYLO®

Dry MYLO® will have a much longer shelf life – in excess of 12 months.

The dry format of MYLO® will enable Terragen to expand its exports to overseas markets.

Our assessment is that dry MYLO® will be required for us to be successful distributing in the United States.

Dry MYLO® will also expand potential sales in Australia and New Zealand to dairy farms and for beef feedlot markets.

The year ahead FY23

In summary, the priorities for FY23 are:

- Seeking the appointment of an overseas distribution partner;
- Developing dry MYLO® ready for market; and
- Successfully conducting the second study on MYLO® methane reduction potential at higher doses, led by Ellinbank SmartFarm.

Thank you for your attendance today, and thank you for your on-going support of the Company.

I continue to be optimistic for Terragen's prospects for the future, because of the quality of our products, and the proven productivity benefits for farmers. I look forward to talking with you again soon and informing you of the progress we are making on Terragen's journey towards more sustainable farming.

Terragen Holdings Limited

Chief Executive Officer - Jim Cooper
Annual General Meeting
Wednesday 16 November 2022



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The Business Environment 2022

- Opening up in first half of FY22 after sustained COVID-19 lockdown
- High milk prices
- Rising farm input costs, fertiliser, especially urea
- Productivity the main driver for Terragen's farm customers
- Greenhouse gas reductions and sustainability targets driven by governments, food producers and retailers, and corporate farms
- Very high rainfall in dairy areas
- Difficult equity markets

FY22 Financial Result

	FY22	FY21	Variance
Net Revenue	\$2.20m	\$2.68m	\$(0.48m)
Direct Costs	\$0.53m	\$0.73m	\$0.20m
Gross Profit	\$1.67m	\$1.95m	\$(0.29m)
Indirect Costs	\$7.45m	\$8.50m	\$1.05m
EBITDA	\$(5.69m)	\$(6.16m)	\$0.46m
Cash as at year end	\$6.67m	\$11.64m	\$(4.97m)

- Terragen recognises that cash burn at this rate cannot be sustained with available reserves.
- Terragen recognises the need to make changes to improve the company's position.
- We are highly focused on this and are exploring all options to remedy the company's position.
- We will continue to keep shareholders updated.

Terragen's strategy

- Terragen is an Australian biological agriculture company harnessing the power of biological products that improve animal productivity and wellbeing, crop growth, and return on investment.
- Focus on sales to dairy farm customers in Australia and New Zealand.
- Expansion into beef feedlots in Australia has commenced with positive early results.

Terragen's strategy extension

- The presentation in June 2022 of MYLO®'s methane reduction results at the Greenhouse Gas in Animal Agriculture Conference in Orlando Florida led to incoming enquiries seeking methane reduction products for livestock.
- Recognising these enquiries, Terragen has commenced searching for a distribution partner for overseas markets.
- An international distribution partner will unlock MYLO®'s potential to increase productivity and wellbeing of livestock, as well as reducing methane emissions.
- GREAT LAND PLUS® may also be sold in international markets by a partner.
- International distribution is key to Terragen's future success.

Progress in FY22

- Consolidated sales penetration of the dairy farm market: 1 in 21 dairy cows in Australia are fed MYLO® each day
- Established distribution in New Zealand, including agency arrangements with Fonterra Farm Source
- This market penetration in Australia and New Zealand has provided a valuable platform for discussions with potential overseas partners
- Announced MYLO®'s methane reduction results from Victorian Government Ellinbank SmartFarm in April 2022

Since 30 June 2022

- Australian Government funding for further methane reduction research on MYLO® was granted
- Progressed research on dry MYLO® with two options emerging

MYLO's competitive edge

- MYLO® is the only direct fed microbial product for livestock in the market, which:
 - 1) reduces methane;
 - 2) increases productivity; and
 - 3) improves the health of livestock.
- Further advantages of MYLO®:
 - 1) it is priced competitively;
 - 2) delivers a return on investment to farmers (currently 8x); and
 - 3) it is not a chemical.

MYLO® - Unlocking the future of farming

A product summary by Terragen's Veterinary Scientist, Dr Joss West (youtu.be/0LL60JIJdn8).



Pursuing the strategy: appointment of MA Moelis Australia

- MA Moelis Australia has been appointed to run a process seeking a distribution partner for Terragen.
- This process has commenced.
- The process is focussing on partners capable of distributing MYLO® in overseas markets.

Technology developments

Methane reduction – Ellinbank SmartFarm (Victorian Government) – announced April 2022:

- 7.5% methane reduction achieved from baseline dose of 10ml MYLO® per day;
- Higher feed conversion efficiency;
- Higher milk production;
- Weight gain of 21% compared to cattle not on MYLO®.

MYLO® methane reduction, second study at higher dose:

- To be conducted by Victorian Government Ellinbank SmartFarm and funded by the Australian Government, will commence in February 2023.
- Will study higher dose of MYLO® for grazing livestock, including dairy cows and sheep.

Dry MYLO®. Pleasing early results in:

- pelleted MYLO®;
- air-dried MYLO® on livestock feed.

Importance of Dry MYLO®

- Increases product shelf life to greater than 12 months
- Enables exports not feasible with liquid products
- A priority for US sales
- Expands addressable market for beef feedlots, greater dairy customers

The year ahead: FY23

- Seeking the appointment of a distribution partner for overseas growth.
- Prioritising development of dry MYLO®.
- MYLO® methane reduction second study, by Ellinbank SmartFarm, commencing February 2023.