

For immediate release

24 February 2023



ASX Announcement

Interim half year results to 31 December 2022

Terragen Holdings Limited (ASX:TGH) 24 February 2023 – Australian biological agriculture company Terragen Holdings Limited (“Terragen”) provides this financial and operational report for the half-year ended 31 December 2022.

Highlights

- **Net sales revenue of \$1.4m (up 33% vs prior comparison period (PCP) of \$1.1m).**
- **Net sales from core product MYLO® of \$1.0m, +24% vs H1 FY22.**
- **Market penetration of 4.8% of the Australian dairy cow market (1 in 21 Australian dairy cows).**
- **Net sales of Great Land Plus® soil conditioner of \$0.4m, +62% vs H1 FY22.**
- **Award of a \$615,000 MERiL grant (from the Australian Government) for further research into methane reduction using Terragen’s product MYLO®. This grant was awarded to the Victorian Government, in conjunction with Terragen and Fonterra Co-operative Group.**
- **Cash and cash equivalents of \$4.5 million at 31 December 2022**

Financial Summary

Sales revenue, net of agent commissions, for the half-year was \$1.404 million, an increase of 33% on the previous corresponding period (PCP).

Sales of MYLO® experienced strong year on year growth of +24% in the first half of FY23, registering its first million-dollar half.

One in twenty-one Australian lactating dairy cows take MYLO® as a feed supplement every day (66,715 lactating cows, representing 4.8% of the Australian dairy cow market as at 31 December 2022).

Operating expenditure for the half year was \$4.0m, a reduction of \$0.5m (10.6%) vs PCP.

A continued focus on controlling costs has delivered incremental savings that will extend Terragen’s forward-looking cash position, with indirect expenses reducing by 11.6% vs PCP.

Key activities for the period

Terragen’s key activities for the six months to 31 December 2022 comprised the following:

- Terragen’s major 18-month study on an operating dairy farm at Harrisville, Queensland continues. This longitudinal study is generating data on the benefits of MYLO® for dairy cows and calves. Terragen will announce the results of this study to the market when they have been fully analysed and interpreted.

Terragen Holdings Limited

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- Development of a dry formulation of MYLO® is progressing to testing in cattle. Dry MYLO® is critical in the ongoing commercialisation of Terragen's products, as it will have an extended shelf life and will open up markets that are currently not open to a liquid feed supplement.
- Terragen continues to explore options for new distribution channels for Terragen's products in overseas markets.
- MA Moelis Australia was engaged to assist with a strategic review of Terragen's future funding and the most appropriate corporate structure to enable growth in the business and financial viability. Work is ongoing and outcomes will be reported to the market in due course.
- In conjunction with the positive revenue growth vs PCP of +33%, Terragen has moved to implement incremental cost control measures, aimed at improving the return on investment in the sales and marketing function. The sales team has been reduced to a core team of three people, which is forecast to deliver a positive cash contribution to the business.
- As part of this restructure, Terragen has withdrawn its salesforce from New Zealand. Sales in New Zealand continue to be made with existing distribution partners through their retail networks, managed from Australia under the streamlined sales structure.

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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