

22 April 2024



# Terragen

## ASX Announcement

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### Quarterly Activities Report and Appendix 4C for the three months ended 31 March 2024

**Terragen Holdings Limited (ASX:TGH) 22 April 2024** – Australian biological agriculture company Terragen Holdings Limited (“Terragen”) provides an activities update for the three month period ended 31 March 2024.

#### Highlights

- **First trial batch of commercial scale dry Mylo** has met quality specifications and Terragen is on schedule to have the first product prototype by June 2024.
- **Soil organic carbon** project commenced in March 2024.
- **Cash** reserve of \$5.4 million at 31 March 2024.
- **Research and Development Tax Incentive** received of \$739k.
- **Operating expenses of \$1.46m**, an increase of \$0.15k from the prior comparative period due to further investment into research activities.

#### Research and Development Update

Terragen continues to focus on advancing commercialisation of its products through applied research programs. The Company intends to leverage substantial grant and partnership opportunities, wherever possible, to accelerate its R&D program and product commercialisation process.

##### Dry MYLO®

During the quarter Terragen trialled the first commercial scale batch of freeze-dried MYLO®, with the trial product meeting quality specifications. Terragen is on target to have prototype dry MYLO® product ready for commercial scale trial in June 2024.

Dry MYLO® will extend product shelf life and allow improved transportation and delivery efficiencies which will further enable expansion into overseas markets.

##### Methane Mitigation Studies

The sheep component of the MERiL2 methane emissions reduction study, led by Agriculture Research Victoria, is now underway. This project utilises dry MYLO® and is being conducted at the Hamilton research farm in Victoria. Data received from the first lactating cow component of the trial is being analysed. Terragen expects interim results in June 2024.

##### Great Land Plus®

Next generation Great Land continues to be a focus of Terragen. During the quarter, Terragen successfully produced laboratory scale freeze drying of Great Land Plus® and researched the addition of other microbes from the company’s consortia.

**Terragen Holdings Limited**

Unit 6, 41 Access Crescent, Coolumb, QLD, 4573, Australia  
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Terragen is preparing to implement an applied research plan engaging reputable partners to execute independent replicated plot trials in key markets. Terragen continues to test the hypothesis that Great Land Plus® can be used to reduce synthetic fertiliser inputs while retaining yield and crop uniformity.

### Soil Organic Carbon

Great Land Plus® research has proven that the product increases plant root biomass (including depth and width) which may result in increased organic matter and the potential to increase soil organic carbon over time. During the quarter, Terragen commissioned an independent research project to determine the impact of long-term use of Great Land / Great Land Plus® on soil profile, particularly soil organic carbon.

Throughout March, extensive soil testing commenced across four properties that have applied Great Land Plus® for more than four years. Over 90 soil samples were taken per property, at multiple depths, to profile the difference in soil quality between Great Land treated soil versus untreated soil. Testing is expected to conclude in April 2024 with the aim to support the hypothesis that Great Land Plus® contributes to increased soil organic carbon and an improved soil profile.

### Publications

Terragen had two publications accepted and printed in Animals Journal. The first publication, titled *Effect of a Lactobacilli-Based Direct-Fed Microbial Product on Gut Microbiota and Gastrointestinal Morphological Changes*, supports the benefits of MYLO® in calves, including greater live weights at weaning and advanced rumen and intestinal development in calves supplemented with MYLO®.

The second paper, titled *The Effect of a Direct Fed Microbial on Liveweight and Milk Production in Dairy Cattle*, is the first publication from The Big Cow Study (conducted in Harrisville, 2023). This trial examined the effects of uninterrupted supplementation of MYLO® over two lactation cycles in a commercial setting. The research highlighted that benefits post calving were greatest, with cows supplemented with MYLO® producing an average of 0.39L per day more milk than those that were not. This equated to a three percent increase in milk production in the first 100 days and a predicted increase in milk production of 258L per cow over a full lactation. The cows supplemented with MYLO® also gained an average of 19.4kg more. Terragen continues to analyze further data from this study with additional manuscripts being prepared for publication.

### Financial Highlights

Operating expenditure in Q3 was \$1.46 million, of which 45% was directly incurred in advancing research & development activity. Operating expenditure in Q3 represents an increase of \$0.15 million (11%) vs Q3 FY23. The additional expense is due to increased R&D activity.

Q3 FY24 net sales of all products for the quarter were \$0.33 million, down 26% vs prior comparative period (PCP) (Q3 FY23: \$0.45 million).

Western Victoria and Southeast South Australia, representing Australia's largest dairy region, experienced the driest Autumn on record in more than 40 years. These dry climatic conditions have increased farmer caution and reduced market spend. In addition, continued inflationary pressures and high interest rates across the Country continue to result in lower sales compared to the prior comparative period.

Terragen's Autumn calving sales campaign will remain in place through April and will continue to incentivise farmers to purchase MYLO® as Autumn calving progresses.

On a YTD basis, net sales were \$1.208 million made up of \$1.178 million in Australia and \$0.03 million in New Zealand.

The cash reserves total of \$5.4 million at 31 March 2024 comprises \$2.3 million cash on hand plus \$3.1 million in Term Deposits not readily available.

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As detailed in item 6 of the Appendix 4C at attachment 1 of this announcement, the Company made payments totalling \$84k to related parties during the quarter for Directors' remuneration.

### Changes to the Terragen Board

During the quarter Mr. Miles Brennan stood down as Managing Director and Chief Executive Officer of Terragen and Non-Executive Director, Mr. Richard Norton commenced in the role, effective 1 February 2024.

Non-Executive Director Sam Brougham resigned from the Board on 5 April 2024.

### 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 health and productivity of plants and animals. 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 biostimulant known as GREAT LAND PLUS®.

### For further information, please contact:

<b>Terragen Holdings Limited</b>	<b>Authorisation and Additional Information</b>
Mike Barry Chairman <a href="mailto:media@terrigen.com.au">media@terrigen.com.au</a>	This announcement was authorised by the Board of Directors of Terragen Holdings Limited
Richard Norton Managing Director and CEO <a href="mailto:ceo@terrigen.com.au">ceo@terrigen.com.au</a>	

## Attachment 1

## 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 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	335	1,362
1.2 Payments for		
(a) research and development (direct and indirect)	(64)	(196)
(b) product manufacturing and operating costs	(140)	(445)
(c) advertising and marketing	(8)	(39)
(d) leased assets	-	-
(e) staff costs	(973)	(2,357)
(f) administration and corporate costs	(230)	(760)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	17	59
1.5 Interest and other costs of finance paid	(8)	(19)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives (FY23 R&D tax benefits)	739	739
1.8 Other (annual commissions paid to customers for FY23)	-	(55)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(332)</b>	<b>(1,711)</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	-	(24)
	(d) investments	-	-
	(e) intellectual property	(40)	(66)
	(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>(40)</b>	<b>(90)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	3,501
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(344)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(68)	(303)
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>(68)</b>	<b>2,854</b>

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
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<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	5,793	4,296
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(332)	(1,711)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(40)	(90)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(68)	2,854
4.5	Effect of movement in exchange rates on cash held	(1)	3
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>5,352</b>	<b>5,352</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	2,245	5,686
5.2	Call deposits	3,107	107
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>5,352</b>	<b>5,793</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**

84

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*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*

Represents payments made to Company Directors (executives and non-executives).

<b>7. Financing facilities</b>		
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>		
<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other – finance lease liabilities	358	426
<b>7.4 Total financing facilities</b>	<b>358</b>	<b>426</b>

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 \$0.361m as at 31 March 2024.  
All leases have a maturity date of less than 3 years.

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (Item 1.9)	(332)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	5,352
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	5,352
<b>8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)</b>	<b>16</b>

*Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.*

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

1. 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**

2. 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**

3. 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: **22 April 2024**

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 – e.g. 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.