

## ASX Announcement

### CLEANSING NOTICE

#### NOTICE UNDER SECTION 708AA(2)(F) OF THE CORPORATIONS ACT 2001 (CTH)

This notice is given by Terragen Holdings Limited ACN 073 892 636 ('Company' or 'Terragen') under section 708AA(2)(f) of the *Corporations Act 2001* (Cth) as modified by *ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84* (**Corporations Act**).

On Thursday, 5 December 2024, Terragen announced the launch of a A\$5.0million equity raising of new fully paid ordinary shares (**New Shares**) at an offer price of A\$0.035 per New Share (**Offer Price**).

The Equity Raising (defined below) is comprised of:

- a non-underwritten institutional placement of New Shares to raise gross proceeds of approximately A\$1.0 million (utilising ASX Listing Rule 7.1 capacity) to be conducted at the same time as the institutional component of the Entitlement Offer (**Placement**); and
- a fully underwritten<sup>1</sup> 1-for-3.22 pro rata accelerated non-renounceable entitlement offer of New Shares to raise gross proceeds of approximately A\$4.0 million (**Entitlement Offer**),

the Entitlement Offer and Placement are together the **Equity Raising**.

The Placement will be conducted concurrently with the Institutional Entitlement Offer (as described below). New Shares issued under the Placement will not be eligible to participate in the Entitlement Offer. Terragen reserves the right to increase the size of the Placement if there is additional demand.

A retail offer booklet will be despatched to eligible retail shareholders (**Eligible Retail Shareholders**) on Thursday, 12 December 2024.

The Company confirms the following:

1. the Company will offer the New Shares for issue without disclosure to investors under Part 6D.2 of the Corporations Act;
2. this notice is being given under section 708AA(2)(f) of the Corporations Act;
3. as at the date of this notice, the Company has complied with:
  - (a) the provisions of Chapter 2M of the Corporations Act as they apply to the Company; and
  - (b) sections 674 and 674A of the Corporations Act;

<sup>1</sup> Refer to the investor presentation dated 5 December 2024 for a description of the terms and conditions of the underwriting arrangement.

4. as at the date of this notice, there is no excluded information of the type referred to in sections 708AA(8) and 708AA(9) of the Corporations Act; and
5. the potential effect that the issue of the New Shares will have on the control of the Company, and the consequences of that effect, will depend on a number of factors including the number of New Shares taken up by each eligible shareholder. However, the Company notes the following:

#### **Structure of the Entitlement Offer and Underwriting**

- (a) The number of New Shares which will be issued under the Entitlement Offer is approximately 114.62 million New Shares (subject to rounding of fractional entitlements) to raise approximately A\$4.0 million, equating to approximately 22.4% of all the issued shares in the Company following completion of the Entitlement Offer.
- (b) The Entitlement Offer will be conducted in two parts, an institutional component (**Institutional Entitlement Offer**) and a retail component (**Retail Entitlement Offer**).
- (c) The Company will offer a shortfall oversubscription facility as part of the Retail Entitlement Offer (**Oversubscription Facility**). The key terms of the Oversubscription Facility will be as follows:
  - A. Eligible Retail Shareholders who take up their entitlement in full (but excluding the Underwriter and Sub-underwriter and those persons in respect of the Company who are described in Listing Rule 10.11.1 to 10.11.5) will be able to apply for additional New Shares in the Company in excess of their entitlement (**Shortfall Application**), subject to the Corporations Act, the ASX Listing Rules and all other applicable laws and regulations; and
  - B. to the extent Shortfall Applications exceed the number of New Shares available under the facility, the Company will scale back applications:
    - (I) having regard to the pro-rata entitlements of the applicants; and
    - (II) to ensure compliance with the ASX Listing Rules, the Corporations Act and all other applicable laws.
  - C. The Entitlement Offer is proposed to be underwritten by Morgans Corporate Limited ACN 010 539 607 (**Morgans, Underwriter**, or the **Lead Manager**). Morgans may appoint:
    - (I) the Company's largest shareholder, Mr Scobie Ward, as a partial sub-underwriter (**'Mr Ward'** or **'Sub-underwriter'**) to partially sub-underwrite the Entitlement Offer up to \$1.39 million.
    - (II) Directors, Mr Mike Barry, Mr Richard Norton, Mr Andrew Guthrie and CFO, Mr Matthew Whyte will also sub-underwrite the Entitlement Offer to a combined amount of \$100,000.
  - D. The key terms of the underwriting agreement between the Company and the Underwriter in connection with the Entitlement Offer (**Underwriting Agreement**) are set out in the investor presentation released by the Company on 5 December 2024. In summary, subject to any termination rights in the Underwriting Agreement:

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Unit 6, 41 Access Crescent, Coolumb, QLD, 4573, Australia  
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- (I) entitlements to New Shares for which valid applications are not received before the Retail Entitlement Offer closes will be issued firstly to any Eligible Retail Shareholders who have applied for additional New Shares under the Oversubscription Facility, and then any remainder will be taken up by the Underwriter; and
- (II) entitlements to New Shares for which valid applications are not received before the Institutional Entitlement Offer closes will be taken up by the Underwriter and consequently, any sub-underwriters. Refer to paragraph (p) below for detail of how the sub-underwriters will be allocated New Shares.

If the Underwriting Agreement is terminated, any sub-underwriting arrangements will also be terminated.

#### **Sub-underwriting and shareholdings**

- (d) As at the date of this notice, Mr Ward is a Director of Terragen and the Company's largest shareholder and directly or holds a relevant interest in 33.3% of the issued shares of the Company. This holding is as follows:

Holder of relevant interest	Registered holder of securities	Person entitled to be registered as holder	Class and number of securities	Percentage of votes
Mr Scobie Ward	Mr Scobie Ward	Mr Scobie Ward	122,930,971 ordinary shares	33.3%
<b>TOTAL</b>				<b>33.3%</b>

- (e) Mr Ward has a strong academic background, graduating cum laude with a BA from Harvard University in 1989 and holding a CFA charter. He brings a wealth of experience, having over 30 years of investment management experience focusing on smaller listed companies and was also the co-founder and executive chairman of the investment firm Ward Ferry Management.
- (f) As at the date of this notice, none of Directors, Mike Barry, Richard Norton, Andrew Guthrie and CFO Matthew Whyte hold any shares in the Company.
- (g) None of Mr Ward, Mr Mike Barry, Mr Richard Norton, Mr Andrew Guthrie or Mr Matthew Whyte will receive any fee for their sub-underwriting of the Entitlement Offer.

#### **Rationale for a significant shareholder underwriting the Entitlement Offer**

- (h) The Company intends to market the Entitlement Offer to existing shareholders to reduce as far as possible the requirement of the Underwriter (and consequently Mr Ward as a partial Sub-underwriter) to underwrite the Offer.
- (i) In this regard, the Company considers that Mr Ward's support of the Company as a sub-underwriter is likely to be seen as a positive, making it more likely that the Company will be able to attract additional take up than would be the case if the Underwriter were not underwriting the Entitlement Offer and Mr Ward was not a sub-underwriter to the Entitlement Offer.

- (j) The Company made the decision to enter into the Underwriting Agreement taking into account all other alternatives, including the availability and cost involved in third party underwriting in circumstances where Mr Ward would not be involved in sub-underwriting.

#### **Management of Conflicts of Interest**

- (k) As at the date of this notice, Mr Ward is a non-executive director of the Company.
- (l) The Company established an independent Board committee (IBC) comprising all of the directors with the exception of Mr Ward, which had full delegated authority in respect of investigating, overseeing and executing the Entitlement Offer, including appointing one or more underwriters and agreeing the terms of any underwriting and agreeing to any sub-underwriting arrangement.
- (m) On the basis of the small number of shares that may be issued to Directors Mike Barry, Richard Norton and Andrew Guthrie as sub-underwriters, it was not considered that this amount was sufficiently material to preclude them from being members of the IBC.

#### **Impact of the Entitlement Offer and Sub-underwriting on Control of the Company**

- (n) Mr Ward has confirmed to the Company that he will:
- A. take up his entire entitlement to New Shares under the Entitlement Offer up to a total of 34.3%, subscribing for \$1.34 million; and
  - B. partially sub-underwrite the Entitlement Offer (subject to compliance with all regulatory requirements) subscribing for \$1.39 million,

such that Mr Ward's total subscription under the Entitlement Offer is no more than \$2.73 million.

- (o) The number of New Shares that will be required to be taken up by Mr Ward, and therefore the increase in Mr Ward's relevant interest in the voting shares of the Company as a result of the Entitlement Offer and Mr Ward's associated sub-underwriting, will depend on how many New Shares are taken up under the Entitlement Offer (including under the Oversubscription Facility) by persons other than Mr Ward and his associates.
- (p) The Directors of the IBC will manage the allocation of New Shares in such a way that all sub-underwriters, other than Mr Ward will be allocated their New Shares first, in order to mitigate the control implications from the Entitlement Offer.**
- (q) However, given that Mr Ward may sub-underwrite the Entitlement Offer up to a total of \$1.39 million, the number of voting shares in which Mr Ward has a relevant interest may increase to as much as 39.2% of the issued shares of the Company. The table below sets out the Sub-underwriter's relevant interests in the Company following completion of the Entitlement Offer under several scenarios and assumes that:

Event	No, Shares in which Mr Ward holds a relevant interest <sup>1,3,4</sup>	Voting power of Mr Ward <sup>1,3,4,5</sup>
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100% take up by eligible shareholders (including Mr Ward taking up Entitlement)	161,108,291	31.4%
75% take up by eligible shareholders (including Mr Ward taking up Entitlement to 100%) <sup>2</sup>	171,031,902	33.4%
50% take up by eligible shareholders (including Mr Ward taking up Entitlement to 100%) <sup>2</sup>	180,955,512	35.3%
25% take up by eligible shareholders (including Mr Ward taking up Entitlement to 100%) <sup>2</sup>	190,879,123	37.3%
0% take up by eligible shareholders (including Mr Ward taking up Entitlement to 100%) <sup>2</sup>	200,802,733	39.2%

Notes:

1. Assumes the Underwriting Agreement is not terminated prior to settlement of any aspect of the Entitlement Offer, and the Underwriter complies with its obligations under the Underwriting Agreement and Mr Ward, as a Sub-underwriter, complies with his obligations under the sub-underwriting agreement.
2. Assumes that Mr Ward takes up shortfall under the Entitlement Offer to the maximum amount of his Entitlement and sub-underwriting.
3. Calculated on the basis of 1 New Share per 3.22 existing shares held at the Record Date.
4. Subject to rounding.
5. The calculation of the % Voting power of Mr Ward post-the Entitlement Offer is inclusive of the New Shares issued under both the Entitlement Offer and Placement.

- (r) Accordingly, following completion of the Entitlement Offer and on the assumption that the Underwriting Agreement is not terminated, Mr Ward's voting power in the Company will be no less than 31.4% and will not exceed 39.2%.
- (s) The Company understands that, to the extent Mr Ward's relevant interests in the Company exceed 33.3%, Mr Ward intends to rely on the exception to section 606 of the Act set out in item 10A of section 611 of the Corporations Act. To that end:
- A. the Entitlement Offer will be extended to shareholders in Australia, New Zealand, Hong Kong, the United Kingdom and the USA and the conditions of the exception in item 10A of section 611 of the Corporations Act will not be satisfied in relation to foreign shareholders; and
  - B. with respect to holders in other jurisdictions, the Company will implement the nominee procedure set out in section 615 of the Corporations Act. To that end, the Company has obtained ASIC consent to the appointment of Berne No 132 Nominees Pty Ltd (ACN 010 413 591) as nominee for the purposes of section 615 of the Corporations Act.
- (t) If the relevant interest of Mr Ward increases to more than 33.3% following completion of the Entitlement Offer, Mr Ward would continue to have a sufficient voting interest to continue to block any special resolution on which it is entitled to vote at a general meeting of the Company, whether under its constitution, the Corporations Act or otherwise (including, for example, the implementation of a takeover of the Company by way of a scheme of arrangement).

### Intentions of Mr Ward if he obtains more control over the Company

- (u) Mr Ward has confirmed to the Company that, if he increases his influence in the Company as a result of the Entitlement Offer and associated sub-underwriting:
- A. he has no present intention to:
- (I) change the business of the Company;
  - (II) inject further capital into the Company, this may however change on the basis of the Company's future funding requirements;
  - (III) make any changes regarding the future employment of present employees of the Company;
  - (IV) transfer any assets between the Company and Mr Ward or his associates;
  - (V) redeploy the fixed assets of the Company; or
  - (VI) significantly change the financial or dividend distribution policies of the Company; and
- B. has a present intention to:
- (I) execute the Company's strategy as previously disclosed to the market and support the long-term ambitions of the Company; and
  - (II) assist the Company and its management team in the next phase of the Company's development through commercialisation of current and new products.

### About Terragen

Terragen specialises in the development of biological products that improve animal and plant health for use in agriculture. Our proprietary research has led to the creation of innovative products that improve livestock and crop yields and deliver positive environmental outcomes, helping to decarbonise agriculture.

Currently, Terragen has two products available for sale across Australia and New Zealand, MYLO and Great Land Plus (GLP). MYLO is a probiotic feed supplement that increases average daily weight gain and reduces methane production. GLP is a plant bio-stimulant targeted for use in cropping that reduces reliance on chemical-based fertilisers, decreasing scope emissions. GLP also increases crop yields and soil organic carbon levels.

### For further information, please contact:

<b>Terragen Holdings Limited</b>	<b>Authorisation and Additional Information</b>
Mike Barry Chair Mikeb@terrigen.com.au	This announcement was authorised by the Board of Directors of Terragen Holdings Limited
Richard Norton Managing Director and CEO Richardn@terrigen.com.au	

## Important Notices

### Forward looking statements

This announcement contains certain "forward-looking statements". The words "expect", "anticipate", "estimate", "intend", "believe", "guidance", "should", "could", "may", "will", "predict", "plan" and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Forward-looking statements, opinions and estimates provided in this announcement are based on assumptions and contingencies that are subject to change without notice and involve known and unknown risks and uncertainties and other factors that are beyond the control of Terragen, its directors and management. This includes statements about market and industry trends, which are based on interpretations of current market conditions.

Forward-looking statements are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Actual results, performance or achievements may differ materially from those expressed or implied in such statements and any projections and assumptions on which these statements are based. These statements may assume the success of Terragen's business strategies. The success of any of those strategies will be realised in the period for which the forward-looking statement may have been prepared or otherwise. Readers are cautioned not to place undue reliance on forward-looking statements and except as required by law or regulation, none of Terragen, its representatives or advisers assumes any obligation to update these forward-looking statements. No representation or warranty, express or implied, is made as to the accuracy, likelihood of achievement or reasonableness of any forecasts, prospects, returns or statements in relation to future matters contained in this announcement. The forward-looking statements are based on information available to Terragen as at the date of this announcement. Except as required by law or regulation (including the ASX Listing Rules), none of Terragen, its representatives or advisers undertakes any obligation to provide any additional or updated information whether as a result of a change in expectations or assumptions, new information, future events or results or otherwise. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward-looking statements.

### Own enquiries

Investors should make and rely upon their own enquiries before deciding to acquire or deal in Terragen securities.

### Involvement of the Lead Manager

Neither the Lead Manager nor its related bodies corporate and affiliates, and each of its respective officers, directors, partners, employees, consultants, contractors, agents and advisers ("**Beneficiaries**"), have authorised, permitted or caused the issue or lodgement, submission, dispatch or provision of this announcement and nor do they make any recommendation as to whether any potential investor should participate in the Equity Raising. There is no statement in this announcement which is based on any statement made by the Lead Manager or any other Beneficiary. To the maximum extent permitted by law, the Lead Manager and the Beneficiaries expressly disclaim all liabilities (including for fault, negligence, or negligent misstatement) in respect of, and take no responsibility for, any part of this announcement, and make no representation or warranty (whether express or implied) regarding any part of this announcement, including as to the fairness, currency, accuracy, timeliness, reliability or completeness of any information in this announcement (including the accuracy, likelihood of achievement or reasonableness of any forecast returns, yields, future income or other statements in relation to future matters nor that the Information or this website contains all material information about Terragen or which a prospective investor may require in evaluating a possible investment in Terragen).

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+61 1300 837 724 | <http://www.terragen.com.au/> | 36 073 892 636



Neither the Lead Manager nor the Beneficiaries make any recommendation as to whether any potential investor should participate in the Equity Raising. Further, neither the Lead Manager or the Beneficiaries accept any fiduciary obligations to or duty of care to or relationship with any investor or potential investor in connection with the Equity Raising or otherwise, and by accessing this announcement each recipient expressly disclaims any such fiduciary relationship and agrees that it is responsible for making its own independent judgements with respect to the Equity Raising and any other transaction or other matter arising in connection with this announcement.

The Lead Manager and the Beneficiaries may, from time to time, have interests in the new securities under the Placement or other securities of Terragen, including providing corporate advisory or other financial advisory services to Terragen and/or managing the offering of such New Shares under the Equity Raising. Further, they may have long or short positions in, act as market maker or buy or sell those securities or associated derivatives as principal or agent. Such persons may receive fees or other benefits for engaging in these activities. A Beneficiary may act as a lender and/or counterparty to Terragen or its affiliates and may or now in the future provide financial accommodation or services to Terragen or its affiliates.

#### **Determination of eligibility of investors**

Determination of eligibility of investors for the purposes of the Equity Raising is determined by reference to a number of matters, including legal and regulatory requirements, logistical and registry constraints and the discretion of Terragen and/or the Lead Manager. To the maximum extent permitted by law, Terragen, the Lead Manager, and the Beneficiaries each disclaim any duty or liability (including, without limitation, any liability arising from fault, negligence or negligent misstatement) in respect of the exercise of that discretion or otherwise. The Lead Manager may rely on information provided by or on behalf of institutional investors in connection with managing, conducting or underwriting the Equity Raising without the Lead Manager or the Beneficiaries having independently verified that information and the Lead Manager and the Beneficiaries do not assume responsibility for the fairness, currency, accuracy, timeliness, reliability or completeness of the information (including the accuracy, likelihood of achievement or reasonableness of any forecast returns, yields, future income or other statements in relation to future matters nor that the Information or this website contains all material information about Terragen or which a prospective investor may require in evaluating a possible investment in Terragen).

#### **General**

This announcement is subject to the same “**Disclaimer**” that appears in the Investor Presentation released to the ASX today with any necessary contextual changes.