

For immediate release

30 August 2023



## ASX Announcement

### Full Year results to 30 June 2023

**Terragen Holdings Limited (ASX:TGH) 30 August 2023** – Australian biological agriculture company Terragen Holdings Limited (“Terragen”) provides this financial and operational report for the full year ended 30 June 2023.

#### Highlights

- Net sales revenue of \$2.47m, up 12% vs prior comparison period (PCP) of \$2.2m
- Announcement of capital raise process to raise \$3.7m via two-tranche institutional placement, to be concluded in September 2023, plus a further raise of \$0.5m through a Share Purchase Plan for eligible shareholders in Australia and New Zealand
- Shift in strategy with increased focus on research and development, with a key objective to leverage the existing technology platform and drive into new products and formats
- Release of results from longitudinal study in Harrisville, QLD showing cows on MYLO had up to 10.1% higher average milk yield, and are 10 days quicker to first insemination
- Release of results from Terragen’s first beef feedlot trial, indicating that cattle on MYLO showed an overall improvement of 4.8% in average daily weight gain
- Nutritech International Limited (NIL) appointed as sole distributor for MYLO in New Zealand, commencing 21 August 2023
- Cash was \$4.2 million at 30 June 2023, with a further \$3.5 million of capital raise proceeds anticipated to be settled in early FY24 (subject to shareholder approval)

#### FY23 Financial Summary

Overall sales revenue net of agent commissions for the full year was \$2.47m, an increase of 12% on the previous corresponding period (PCP).

Sales of both core products showed modest growth in FY23: MYLO was up 10%, supported by a strong result in New Zealand, and GREAT LAND PLUS was up 16%, with steady gains in all territories.

Operating expenditure for the full year was \$6.6m, representing savings of \$2.0m (24%) vs PCP. This continued focus on costs has successfully reduced the net cash burn rate of the business, extending the forward-looking cash position, and setting the business up to direct resources to core research projects. Savings were delivered throughout the business, but particularly in employee benefits and selling costs.

The resulting EBIT loss of \$(4.0m) is an improvement of \$2.3m vs the FY22 loss of \$(6.3m).

#### **Terragen Holdings Limited**

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## **Terragen Capital Raise Process**

As announced on 8 June 2023, Terragen received firm commitments of A\$3.7m for a two-tranche placement (Placement) to sophisticated and professional investors, strongly supported by Mr Scobie Ward, an existing substantial shareholder and proposed director.

Net proceeds of \$0.7m were received in June 2023 after the completion of the Tranche 1 placement and payment of related transaction costs.

The SPP successfully raised a further \$0.5m less costs from existing shareholders, with funds received in July 2023.

Tranche 2 of the Placement will raise approximately \$3.0m and is expected to settle in September (subject to shareholder approval).

## **FY23 Business Update**

During FY23, Terragen re-focused its strategy to direct resources into the completion of critical research activities.

As outlined in the investor presentation of 3 August 2023, Terragen continues to prioritise various studies and trials to further scientific knowledge and expand the product offering, as it works to present a compelling proposition for commercial partners seeking sustainable options for agriculture.

Terragen's specific areas of focus in the short term are in advancing studies into the methane reducing properties of animal feed supplement MYLO, and the development of a dry MYLO formulation. These studies have the potential to strengthen the scientific support for direct fed microbials in agriculture, as well as amplifying the total available markets for these products beyond the current focus on the dairy industry.

In the medium-term, Terragen's R&D strategy will seek to extend application of its proprietary biological technology into new and existing products. In particular, Terragen will increase research to develop a chemical-free teat wash Lactolin, and will seek to develop the next generation of soil products with nitrogen reduction potential.

In FY23, Terragen took the decision to withdraw its salesforce from New Zealand, with a view to managing its existing retail network under a streamlined sales structure. To support this approach, Terragen has recently engaged with Nutritech International Limited, to facilitate sales of MYLO feed supplement in New Zealand. Nutritech is a leader in animal nutrition services in New Zealand, with a sales team that covers the length of the country.

## **Changes to the Board and Management**

On 30 June 2023, Terragen announced the appointment of Mr Mike Barry as Chair of the Board. Mr Dillon stood down from the Board with immediate effect.

It is anticipated that Mr Scobie Ward will join the board on completion of Tranche 2 of the Placement.

Mrs Robyn Smith was appointed as Chief Financial Officer and Company Secretary on 24 July 2023 having previously held the position of Senior Financial Controller.

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### 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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