

ASX Announcement

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

Coolum, Australia / 30 January 2025 – Australian research, development and commercialisation company Terragen Holdings Limited (“Terragen”) provides an update on key activities across the business for the three month period ended 31 December 2024.

Highlights

- **Beef feedlot trial results** (264 head) using our new dry format product, Terragen Probiotic for Ruminants, delivered a 4.6% increase in average daily weight gain over the trial, yielding a \$57 per carcass value increase and an expected 4.73x net carcass return on investment in 110 days. Further, the trial showed a 12.8% better feed conversion ratio and a 7% higher marble score relative to the control group.
- **Research publications** – we had three scientific research papers accepted and published over the last quarter all of which centred around the use of our probiotic and the positive impact it has on ruminant animals, ultimately leading to enhanced performance in animals.
- **Product commercialisation milestones** being completed for our new dry format product, Terragen Probiotic for Ruminants, with sales strategy, product re-branding and procurement workstreams being completed during the quarter. Pre-launch sales campaigns have commenced ahead of product launch in March 2025.
- **Completion of a \$4.76m Equity Raising** which allows us to further validate and diversify the product range and accelerate global commercialisation opportunities. The Equity Raising was well supported by existing institutional and retail investors, Board and Management and we welcomed several new shareholders to the register. Following receipt of the FY24 Research & Development tax incentive and settlement of part of the Equity Raising funds during the quarter, we had **\$6.2m of cash reserves at 31 December 2024**.

Terragen activities update

During the quarter, we continued to execute on our strategy, the key pillars of which are:

1. Targeted investment into scientific research in commercial settings to further validate the benefits of our existing products and to facilitate the development of new products for commercialisation; and
2. Accelerating commercialisation opportunities into global markets through contracted manufacturing and global distribution agreements.

Research & Development

1. **Beef feedlot trial results** (as previously announced) – The trial was conducted at the Charles Sturt University (CSU) feedlot in Wagga Wagga under the guidance of renowned feedlot veterinarian and ruminant nutritionist Dr Paul Cusack (Australian Livestock Production Services) and Professor Jane Quinn and is one of Australia's largest formal ruminant probiotic trials. The trial tested our new dry product on 264 Angus steers at different dose rates against liquid MYLO and control groups for equivalence and dose rate response.

Our new dry format product, Terragen Probiotic for Ruminants, delivered a 4.6% increase in average daily weight gain over the trial, yielding a \$57 per carcass value increase and an expected 4.73x net carcass return on investment in 110 days. Further, the trial showed a 12.8% better feed conversion ratio and a 7% higher marble score relative to the control group.

Importantly, from a product commercialisation perspective, the beef feedlot trial results build on existing data and evidence that our probiotic delivers significant productivity gains in beef. In addition, the trial results have enabled us to provide more sophisticated dosing instructions ahead of the launch of our new dry format product, Terragen Probiotic for Ruminants, in March 2025.

2. **Research publications** – We had three scientific research papers accepted and published over the last quarter all of which centred around the use of our probiotic and the positive impact it has on ruminant animals, ultimately leading to enhanced performance in animals. Two of the papers were published in *Animals* (an international, peer-reviewed open access journal devoted entirely to animals including veterinary sciences) and the remaining paper was published in *The Journal of Dairy Science* (the leading peer-reviewed general dairy research journal globally).

Commercialisation – Terragen Probiotic for Ruminants (New dry format product)

We are on an accelerated commercialisation pathway for our new dry format product, Terragen Probiotic for Ruminants, and are scheduled to launch the product in Australia in March 2025. In this regard, the following key activities were completed during the quarter in preparation for product launch:

1. **Sales strategy** – in preparation for the launch of our new dry format product in March 2025, during the quarter we finalised our plan for sales and distribution. This included segmenting the available market for our product, identifying the key drivers of uptake in each segment, selecting distribution pathways across retail, wholesale and direct sales channels and price-setting across different SKUs having regard to our production costs and competitor products in the market.

Further to the above, we have now commenced pre-launch sales campaigns across our existing retailer network to firm up demand for our new product ahead of launch, with the intent of finalising terms for wholesale distribution agreements, discussions for which are ongoing.

Commercial trials of our new product with prominent agri-businesses and feedlots are on-going and we will update the market as required.

2. **Product re-brand** – to coincide with our new dry format product launch in March 2025, during the quarter we completed a product re-branding exercise. The purpose of the re-brand was to strengthen product recognition to facilitate our new dry format product reaching new markets and ultimately new customers.

3. **Procurement** - contracts were executed with Sacco in Italy (a specialist fermentation and freeze-drying contract manufacturer) as well as with an Australian based down-stream processor (mixing and packaging) to procure a commercial quantity of our new dry format product in time for launch in March 2025.

Financial highlights

Following receipt of the FY24 Research & Development tax incentive and settlement of the Institutional placement and entitlement offer funds during the quarter, **we had \$6.2m of cash reserves at 31 December 2024**. Funds in relation to the retail component of the entitlement offer settled in January 2025 (approximately \$1.54m gross proceeds), marking the conclusion of the equity raising launched on 5 December 2024 which raised a total of \$4.76m of gross proceeds.

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, Terragen Probiotic for Ruminants and Great Land Plus (GLP). Terragen Probiotic for Ruminants is an animal 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:

Terragen Holdings Limited	Authorisation and Additional Information
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	

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 December 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	320	848
1.2 Payments for		
(a) research and development	(123)	(534)
(b) product manufacturing and operating costs	(103)	(267)
(c) advertising and marketing	(52)	(91)
(d) leased assets	-	-
(e) staff costs	(743)	(1,575)
(f) administration and corporate costs	(180)	(430)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	43	86
1.5 Interest and other costs of finance paid	(7)	(13)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives (FY24 R&D tax benefits)	971	971
1.8 Other (annual commissions paid to customers for FY24)	-	(61)
1.9 Net cash from / (used in) operating activities	126	(1,066)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	(60)	(79)
	(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)	-	-
2.6	Net cash from / (used in) investing activities	(60)	(79)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	3,218	3,218
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	(247)	(247)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(128)	(280)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	2,843	2,691

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
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4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3,287	4,650
4.2	Net cash from / (used in) operating activities (item 1.9 above)	126	(1,066)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(60)	(79)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,843	2,691
4.5	Effect of movement in exchange rates on cash held	(1)	(1)
4.6	Cash and cash equivalents at end of period	6,195	6,195

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	6,094	1,057
5.2	Call deposits	101	2,230
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	6,195	3,287

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**

89

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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) in the form of Directors fees and salaries.

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7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other – finance lease liabilities	522	522
7.4 Total financing facilities	522	522

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 and hire purchase arrangements. These facilities are secured against assets with a written down book value of approximately \$0.502m as at 31 December 2024. During the quarter three new financing arrangements were entered into for the hire purchase of company motor vehicles.

All financing arrangements have a maturity date of less than 4 years.

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	126
8.2 Cash and cash equivalents at quarter end (Item 4.6)	6,195
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	6,195
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	N/A

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: **30 January 2025**

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.