Terragen

ANNUAL REPORT

For the year ended 30 June 2022

Terragen Holdings Limited and Controlled Entity | ABN 36 073 892 636

www.terragen.com.au

CHAIRMAN'S REPORT

On behalf of the Directors of Terragen Holdings Limited (Terragen) I am pleased to provide you the following annual report, for your Company for the financial year ended 30 June 2022.

Terragen is a biological agriculture company, changing the face of global agriculture by developing products that reduce agriculture's reliance on chemicals. Terragen creates proprietary biological products that amplify nature to improve animal wellbeing, soil quality and crop growth. Our current product portfolio comprises a feed supplement for ruminant animals, such as dairy cows and beef cattle, called *MYLO®*, plus a soil conditioner called *GREAT LAND PLUS®*.

Using Terragen's products gives farmers an advantage with a natural, sustainable and chemical-free way to farm that increases productivity, is cost-effective, and is good for animal and soil health.

It will come as no surprise that I note that the FY22 financial year was one of the most challenging years for business in living memory. As a relatively young enterprise trying to make an impact on agriculture, the restrictions that the Covid-19 lockdowns imposed throughout Australia had a negative effect on Terragen. Endeavouring to break through with a revolutionary new product was made difficult due to the inability to foster customer relationships in the farming communities of Australia and New Zealand.

That said, despite this tough operating environment, there are reasons for optimism in the future of Terragen. The role of sustainability in agriculture is undeniable. Animal health and the health of the environment more broadly is bringing pressure on agricultural companies to operate more sustainably. The reduction of greenhouse gas (GHG) emissions from livestock and nitrogen fertiliser usage now forms a key component in many countries' responses to global warming. In this context, Terragen provides commercially viable options that are available now for farmers seeking solutions to these generational challenges.

In April 2022, Terragen was pleased to announce that *MYLO®*, its direct fed microbial product for livestock, had been shown to meaningfully reduce methane emissions from dairy cattle. This study took place at the internationally respected Ellinbank SmartFarm of the Victorian government, not in a laboratory but with a cohort of working dairy cattle. Pleasingly, the study reinforced previous studies that showed *MYLO®* also increases productivity in dairy cattle.

The focus of Terragen throughout the year has been to position itself for future growth. This has centred on the following key pillars: maintaining the scientific heritage that elevates Terragen above its competitors, developing a sales methodology in readiness for the lifting of lockdown restrictions and implementing cash preservation strategies to extend Terragen's cash runway. This has all been incremental to the underlying requirement to execute Terragen's business in accordance with good corporate governance.

I am pleased to report solid progress against each of these goals. The results of the Ellinbank SmartFarm study were presented to the 8th International Greenhouse Gas and Animal Agriculture Conference in Orlando, Florida in early June 2022. This further established Terragen's credentials at the forefront of the biological agriculture movement. The sales team has been renewed and reinvigorated, with an emphasis on the technical requirements of scientific product sales. I am pleased to note that Management has also implemented measures to reduce unnecessary cash burn during this period. In terms of governance, the Management team continues to improve the operational approach to safety management and develop fit for purpose reporting systems and sales analytics.

During the FY22 financial year, Dr Paul Schober retired from the Board. Dr Schober had a long association with Terragen, having first joined the Board in 2017 before becoming the inaugural Chair of listed Terragen in December 2019. On behalf of the entire Board, I thank Paul for his time and effort over the years, which included the journey to and through the successful IPO process, and we wish him well for the future.

I look forward to leading the Board of Terragen and to guide the Company to success in its role of growing sustainable agriculture and farm productivity.

Travis Dillon | Chair of the Board of Directors
Melbourne, 28 September 2022

MANAGING DIRECTOR AND CEO'S REPORT

I am pleased to provide you the following report, for your Company, Terragen Holdings Limited, for the year ended 30 June 2022.

Terragen has continued to implement its strategy to be a leading biological agriculture company, with developments in methane reduction technology, a renewed sales team distributing products to the market, improved marketing through a new website, and considerably increased social media activity, all whilst navigating the difficulties of lock-down caused by the global pandemic.

MYLO®, Terragen's direct fed microbial product for livestock, grew in sales revenue in the second half of the year, after reduced sales in the first half caused by lock-down. At year end, 4.4% of the Australian dairy cow market were supplemented with *MYLO®* daily for its productivity and health benefits.

In late April 2022, Terragen announced to the market positive news confirming that *MYLO®* reduces methane emissions in dairy cattle. These results were delivered from an independent study conducted at the Ellinbank SmartFarm, operated by the Victorian Government Department of Agriculture.

Scientists from the Ellinbank SmartFarm presented the methane reduction results in June 2022 at the 8th Greenhouse Gas in Animal Agriculture Conference held in Orlando, Florida. This event is the primary global venue to see the latest research on the mitigation of greenhouse gases. I attended this conference and left the week with heightened confidence that Terragen is well-placed in the methane reduction ecosystem. The key observation to share with investors is that, distinct from other "methane busting" products, *MYLO®* was the only product presented which also increased productivity through better feed conversion efficiency and increased milk production.

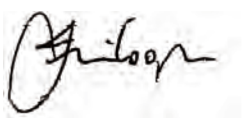
During the year, the price of urea fertiliser continued to increase, putting significant upward pressure on input costs for dairy farmers. This resulted in renewed interest in the use of *GREAT LAND PLUS®* as a biological soil stimulant, which can reduce the need for nitrogen fertiliser such as urea. Terragen is addressing this demand with renewed efforts to increase sales of *GREAT LAND PLUS®*, including increased technical training for the sales team and agents and improved marketing materials for customers.

A continued priority for Terragen was to build capability to underpin strategy and execution. This resulted in the appointment of six sales managers across Australia and New Zealand, replacing the existing sales team, with an emphasis on technical sales to farmers, agronomists and farm nutritionists. A Vet Scientist was appointed during the year to lead the technical product support required by Terragen's customers.

In New Zealand, Terragen agreed a distribution agreement with Fonterra Farm Source for selling *MYLO®* to dairy farmers. With a large network of stores throughout the north and south island, and most dairy farmers in New Zealand members of the Fonterra cooperative, this arrangement was a significant step for Terragen increasing sales in New Zealand.

Terragen continues to run its major 18-month study on an operating dairy farm at Harrisville, Queensland which is building on Terragen's existing research and development knowledge, and providing further evidence of the benefits of *MYLO®* for dairy cows, including the potential of *MYLO®* to reduce methane emissions. The study has been running since July 2021 and the on farm component is scheduled to finish in January 2023. Material findings from the study will be reported to the market when they become available.

On behalf of the team at Terragen I would like to thank all shareholders for your on-going support of the company.



Jim Cooper | Managing Director and CEO

Melbourne, 29 August 2022

_ CONTENTS

DIRECTOR'S REPORT

The directors of Terragen Holdings Limited (the "Company" or "Terragen") submit herewith the financial report of the Company and the entity it controlled for the year ended 30 June 2022 (collectively "Group"). To comply with the provisions of the Corporations Act 2001, the directors report as follows.

DIRECTORS

The following persons were directors of Terragen Holdings Limited during the whole of the year and up to the date of this report, unless otherwise stated:

- **Travis Dillon** Non-Executive Chair
- **Dr Paul Schober** Non-Executive Director (resigned 28 February 2022)
- **Sam Brougham** Non-Executive Director
- **Ingrid van Dijken** Non-Executive Director
- **Jim Cooper** Managing Director

Information on directors and key management personnel in office during the financial year and to the date of this report.

Name and Position	Qualifications and Experience	Particulars of interests in shares and options of Terragen Holdings Limited	
		Shares#	Options
Travis Dillon *Non-Executive Chair* Appointed Non- Executive Chair on 27 July 2020	Mr Dillon holds extensive commercial and strategic expertise in the agricultural distribution channel. Mr Dillon was the CEO and Managing Director of Ruralco Holdings Limited until its acquisition by Nutrien in September 2019. Prior to becoming Ruralco's Managing Director in 2015, he was the Executive General Manager of Ruralco's Operations. Over a career in Agriservices, spanning nearly 3 decades, Mr Dillon has held many positions including Branch Manager, Agronomist, and numerous Category Manager roles. Travis is a Non-Executive Director of Lifeline Australia. **Other directorships in past three years:** Ruralco Holdings Limited; Lifeline Australia; Dillon Consulting Company Pty Ltd; Clean Seas Seafood Limited; S&W Seeds Australia; Select Harvest	350,000 held indirectly	Nil
Dr Paul Schober *Non-Executive Director* Resigned on 28 February 2022	Dr Schober has had a 30-year career in the animal health industry, including senior executive positions in which he established global distribution agreements and implemented commercial rigour for biotechnology research companies including Peptech Animal Health, Anatara Lifesciences and Apex Laboratories. Dr Schober attained PhD and MBA degrees at the University of Sydney. **Other directorships in past three years:** Nil	81,000 held directly and 152,000 held indirectly at the time of ceasing to be a director	80,000 (investment options) held indirectly at the time of ceasing to be a director

Name and Position	Qualifications and Experience	Particulars of interests in shares and options of Terragen Holdings Limited	
		Shares#	Options
Sam Brougham *Non-Executive Director*	Mr Brougham has an economics degree from the University of Adelaide. He has over thirty years' experience in private and public investment and is currently a director of Ellerston Global Investments and Ceres Capital, a private global equity investment firm he cofounded in 1999. Mr Brougham also co-founded Structured Asset Management in 1993. After receiving an economics degree from the University of Adelaide, he spent his early career with Price Waterhouse, and as a partner at JB Were. Sam is a Director of Ellerston Asian Investments Limited. **Other directorships in past three years:** Ellerston Global Investments Limited; Ellerston Asian Investments Ltd; Crofton Park Developments Pty Ltd; Ceres Capital Pty Ltd; Stamina Pty Ltd	15,178,718 held indirectly	1,600,000 (investment options) held indirectly
Ingrid van Dijken *Non-Executive Director*	Ms van Dijken holds a Masters' degree in International Relations from the Graduate Institute in Geneva and an undergraduate degree from the Universiteit Utrecht, in the Netherlands. Ms van Dijken has more than 20 years' experience in private banking and funds management both in Australia and Switzerland. During these years she held senior management positions and acquired an in-depth understanding of wealth management for high-net-worth individuals. Ms van Dijken currently works at a privately held funds management firm. From early 2014 until September 2018, she worked at the Impact Investment Group (IIG) in Melbourne, an Australian impact investment funds manager. She joined as the General Manager and became the Chief Operating Officer & Head of Investor Relations. Ingrid was instrumental in driving the transformation from a start-up in 2014 to a medium sized funds management business four years later. Ms van Dijken is a Trustee of the St Peters Eastern Hill Melbourne Charitable Foundation. She has been a non-executive board member of Escala Partners, a Melbourne based wealth management firm from 2015 until March 2019. **Other directorships in past three years:** Nil	970,000 held indirectly	100,000 (investment options) held indirectly

Name and Position	Qualifications and Experience	Particulars of interests in shares and options of Terragen Holdings Limited	
		Shares#	Options
Jim Cooper *Managing Director and Chief Executive Officer*	Mr Cooper is an experienced agribusiness, infrastructure, and supply chain CEO with expertise in business development, stakeholders, sustainability, and strategy. Jim's experience in infrastructure and supply chain comes from 13 years managing privatised shipping ports in Portland and Melbourne. He has policy experience with 6 years as a Board member of Ports Australia, and he has been a member of numerous Government committees and advisory boards. **Other directorships in past three years:** Ports Australia Limited – Director and Deputy Chairman	500,000 held indirectly	8,000,000 (Incentive Options) held directly
Paul Grave *General Manager New Zealand*	Mr Grave has had an extensive agricultural career with dairy giant Fonterra across legal, commercial, and senior management roles. He was Director of Global Dairy Trade, growing the business from start up to electronically trading dairy products in over 100 countries, and the Head of Farm Source Waikato, leading a high performing team driving engagement across 5,000 farmers. Mr Grave was also a Director of Milk Test NZ. He holds a Bachelor of Laws (LLB) and a Bachelor of Commerce (B.Com) (Economics) from the University of Otago, New Zealand.	Nil	Nil
Kara King *Company Secretary and Chief Financial Officer* Resigned on 29 August 2021	Mrs King is a highly commercial senior finance and accounting executive. Prior to joining Terragen, Mrs King was at Port of Portland for 9 years, most recently as Financial Controller managing the overall financial activities of the organisation. Prior to that role she was the Business Development Manager, responsible for the commercial growth of the business. Mrs King has extensive experience managing projects and implementing new systems and processes in growing organisations. She is CPA qualified and holds a Bachelor of Commerce and Masters of Professional Accounting.	Nil	Nil
Miles Brennan *Company Secretary and Chief Financial Officer* Appointed on 30 August 2021	Mr Brennan was appointed Chief Financial Officer in August 2021. Prior to joining Terragen, Miles enjoyed a long finance leadership career across a variety of highly successful businesses in the FMCG industry, including Simplot Australia, Treasury Wine Estates and Red Bull UK. Miles is a member of CIMA (Chartered Institute of Management Accountants) and CPA Australia.	Nil	Nil

Includes shares in which the Director has an indirect interest through associated entity.

Company secretaries
Kara King (resigned 29 August 2021)
Miles Brennan (appointed 30 August 2021)

MEETINGS OF DIRECTORS

The number of meetings of the Group's board of directors and each board committee held during the year ended 30 June 2022, and the numbers of meetings attended by each director were as follows:

Number of meetings held	BOARD MEETINGS: 10	
	Number of meetings eligible to attend	Number of meetings attended
Travis Dillon	10	10
Dr Paul Schober	6	5
Sam Brougham	10	10
Ingrid van Dijken	10	10
Jim Cooper	10	10

The members of the Audit and Risk Committee and the Remuneration and Nomination Committee during the financial year were:

» Audit and Risk Committee: Dr Paul Schober (Chairperson), Ingrid van Dijken and Travis Dillon. Following Dr Paul Schober's resignation on 28 February 2022, Ingrid van Dijken became Chairperson of the Audit and Risk Committee. No meetings were held since that time.

» Remuneration and Nomination Committee: Ingrid van Dijken (Chairperson), Sam Brougham and Travis Dillon.

The numbers of meetings attended by each committee member were as follows:

Number of Audit and Risk Committee meetings held	MEETINGS: 2	
	Number of meetings eligible to attend	Number of meetings attended
Dr Paul Schober	2	2
Ingrid van Dijken	2	2
Travis Dillon	2	2

Number of Remuneration and Nomination Committee meetings held	MEETINGS: 2	
	Number of meetings eligible to attend	Number of meetings attended
Sam Brougham	2	2
Ingrid van Dijken	2	2
Travis Dillon	2	2

PRINCIPAL ACTIVITIES

The consolidated entity's principal activities during the financial year were research, development, and early market development of biological products in the agriculture sector. There were no significant changes in the nature of these activities during the financial year.

CORPORATE ACTIVITIES

During the year, the Group:

» Issued 2,605,000 shares on the exercise of options.

» Made the following Board and Management Changes:
  - Dr Paul Schober resigned from his position as Non-executive Director on 28 February 2022
  - Kara King resigned as Company Secretary and Chief Financial Officer on 29 August 2021
  - Appointed Miles Brennan as the Company Secretary and Chief Financial Officer effective 30 August 2021

OPERATING AND FINANCIAL REVIEW

REVIEW OF FINANCIAL RESULTS

The Group reported a loss after tax for the year of $5,407,130 (2021: loss of $6,100,151). The significant items affecting the operating result were:

» Revenues of $2,890,716 (2021: $3,652,301) from the sale of the Company's two products *Mylo®* and *Great Land Plus®* in Australia and New Zealand.

The Group's performance was adversely impacted in the first half of the year ("H1") by two key factors: Covid lockdowns significantly limiting sales activity and a restructure of the sales team. These factors eased in the second half of the year ("H2") with lockdown restrictions lifting and the completion of the restructure in late-2021. Part of the restructure was to have permanent sales presence in Tasmania, which also limits any adverse impacts of any future restrictions.

This easing of the headwinds in the second half of the year allowed a return to growth for the company's core product, the direct fed microbial, Mylo®. H2 net revenues of Mylo® were +6.1% versus prior year comparative, after H1 net revenue had been -6.9% versus prior year comparative.

The company's soil conditioner Great Land Plus® was given a lower priority in FY22, as Terragen focussed resource on the larger market for Mylo®. In late FY21, Terragen implemented a re-formulation of Great Land® and launched at a new price point as Great Land Plus®. FY21 benefitted from additional sales volumes due to the customer buy-up of the previous formulation prior to de-listing. Great Land Plus® also suffered from the same issues of Covid lockdowns and sales restructure, but showed signs of recovery in H2, with net revenues for the half +13% vs H1.

» Income tax benefit of $893,430 (2021: $580,692) comprising the accrued research and development tax benefit in relation to research and development expenditure incurred by the Group during the year.

» Operating expenses of $9,286,538 in the year have decreased by 13% from the prior year operating expenses of $10,726,707. Expenditure consists principally of:
- Direct research expenditure of $840,396 (2021: $871,232)
- Employee benefits expense $4,498,319 (2021: $3,816,687)
- Sales commissions to Retail Agents of $694,786 (2021: $972,999)
- Advertising and marketing expenditure of $511,501 (2021: $622,593).

REVIEW OF FINANCIAL POSITION

» Net cash flows used in operating activities increased by 6% to $(4,805,134) (2021: $(4,523,949)).
» Terragen Group's net assets have decreased from $13,023,288 to $7,761,261 which is consistent with and largely attributable to the current year's loss after tax. The Group's receivables and cash flow management continue to support overall strength in working capital.
» Terragen Group's borrowings relate only to lease liabilities for the Group's rental premises and small motor vehicle fleet. The Group currently has no other financing facilities. Consequently, the Group's gearing ratio at period end, defined as net debt over net debt plus equity, is negligible at <1% and in line with prior year.

REVIEW OF OPERATIONS

Terragen develops and markets probiotics 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 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 microbial feed supplement for animals known as Mylo®, and a soil conditioner called Great Land Plus®.

PRINCIPAL RISKS

The Group's growth and success depends on its ability to understand and respond to the challenges of an uncertain and changing world. This uncertainty generates risk, with the potential to be a source of both opportunities and threats. By understanding and managing risks, we provide greater certainty and confidence for all shareholders.

The material business risks that could adversely impact the Group's financial prospects in future periods and the broad approach Terragen takes to manage these risks are outlined below. These risks are not a complete or exhaustive list of the risks the Group is exposed to.

RISK	DESCRIPTION	MITIGATION
Financial risks	Terragen is exposed to a variety of financial risks, including credit risk, adverse movements in interest rates as well as liquidity risk. These risks may have an adverse effect on the Company's operating and financial performance.	The Group has in place Treasury policies that focus on managing these risks. These policies are reviewed by the Board of Directors. Treasury activities are reported to the Board on a regular basis with the ultimate responsibility being borne by the Chief Financial Officer (CFO). Information on how Terragen manages financial risks is included in note 23 to the Financial Statements.
Operational risks	A prolonged and unplanned interruption to Terragen's operations could significantly impact the Company's financial performance and reputation. Terragen is exposed to a variety of operational risks, including risk of site loss or damage, environmental and climatic events, global pandemic risks, technology failure or incompetency and systems security or data breaches. Delivery of Terragen's strategy includes the ability to continue to build a strong customer base and customer service culture to ensure we retain our customers.	Terragen has a range of controls and strategies in place to manage such risks, including inspection and maintenance procedures, compliance programs, training, site and business interruption insurance and systems security testing and improvements. Customer requirements and service level remain a focus area of the business.
Cyber risks	Terragen, like any organisation, faces an ever-changing cyber security threat, and needs to prevent, detect and respond to cyber security threats by maintaining a high standard of information security control.	The Group has in place a Computer and Cyber Security, Digital Information, Internet and Email policy. The policy sets out security controls and standards of behaviour determined as necessary to achieve an appropriate level of information security.

EARNINGS PER SHARE

	2022	2021
Basic loss per share from continuing operations	2.80 cents	3.23 cents
Diluted loss per share from continuing operations	2.80 cents	3.23 cents

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Terragen is focused on sales growth of its key products in Australia and New Zealand and is pursuing continued sales growth in the coming year.

EVENTS SINCE THE END OF THE FINANCIAL YEAR

There has been no matter or circumstance which has arisen since the end of the year that has significantly affected, or may significantly affect the Group's operations, the result of those operations or the Group's state of affairs.

DIVIDENDS

No dividends were paid or declared during the year and no recommendation is made as to payment of dividends.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Group during the financial year.

ENVIRONMENTAL REGULATION

The Group was not subject to any significant environmental regulation under a law of the Commonwealth or a State or Territory of Australia.

SHARES UNDER OPTION

Unissued ordinary shares of the Group under option at the date of this report are as follows:

Option series	Grant Date	Expiry Date	Exercise price of options	Number under options
Tranche 7	01/09/2017	16/08/2022	$0.05	600,000
Tranche 10	13/06/2019	11/12/2022	$0.25	8,100,000
Tranche 11	10/07/2019	11/12/2022	$0.25	2,000,000
Tranche 12	17/07/2019	11/12/2022	$0.25	1,145,710
Tranche 13	4/12/2020	4/12/2025	$0.25	1,000,000
Tranche 14	4/12/2020	4/12/2025	$0.50	2,000,000
Tranche 15	4/12/2020	4/12/2025	$1.00	5,000,000
				19,845,710

No option holder has any right under the options to participate in any other share issue of the company or any other entity.

SHARES ISSUED ON THE EXERCISE OF OPTIONS

During the financial year 2,605,000 shares were issued as a result of the exercise of options.

REMUNERATION REPORT (AUDITED)

This remuneration report, which forms part of the Directors' Report, sets out information about the remuneration of Terragen Holdings Limited's key management personnel for the financial year ended 30 June 2022. The term 'key management personnel' refers to those persons having authority and responsibility for planning, directing, and controlling the activities of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the consolidated entity. The prescribed details for each person covered by this report are detailed below under the following headings:

» Key management personnel
» Remuneration policy
» Remuneration, Group performance and shareholder wealth
» Remuneration of key management personnel
» Key terms of employment contracts.

a. KEY MANAGEMENT PERSONNEL

The directors and other key management personnel of the consolidated entity during or since the end of the financial year were:

Non-executive directors	Position
Travis Dillon	Chair
Dr Paul Schober	Non-Executive Director (resigned 28 February 2022)
Sam Brougham	Non-Executive Director
Ingrid van Dijken	Non-Executive Director

Executive Directors	Position
Jim Cooper	Executive Director, Managing Director

Other Key Management Personnel	Position
Paul Grave	General Manager New Zealand
Kara King	Company Secretary and Chief Financial Officer (resigned 29 August 2021)
Miles Brennan	Company Secretary and Chief Financial Officer (appointed 30 August 2021)

Except as noted, the named persons held their current position for the whole of the financial year and since the end of the financial year.

b. REMUNERATION POLICY

The Board of Terragen Holdings Limited is responsible for determining and reviewing compensation arrangements for the non-executive directors and the executive director. The Board's remuneration policy is to ensure that the remuneration package properly reflects the person's duties and responsibilities, with the overall objective of ensuring maximum stakeholder benefit from the retention of a high-quality board and executive team. Such officers are given the opportunity to receive their base emolument in a variety of forms. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost to the Group. In accordance with best practice corporate governance, the structure of non-executive director and executive remuneration is separate and distinct.

NON-EXECUTIVE DIRECTOR REMUNERATION

OBJECTIVE

The Board seeks to set aggregate remuneration at a level which provides the Group with the ability to attract and retain directors of high calibre, whilst incurring a cost which is acceptable to shareholders.

STRUCTURE

Remuneration of non-executive directors is determined by the Board, within the maximum amount approved by the shareholders from time to time (currently set at an aggregate of $300,000 per annum).

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The Board considers the fees paid to non-executive directors of comparable companies when undertaking the annual review process.

Each non-executive director receives a fee for being a director of the Company. The non-executive Chair receives an annual fee of $54,000, all other non-executive directors receive an annual fee of $36,000. In addition, non-executive directors receive an annual fee of $4,000 for each board sub-committee of which they are a member. Non-executive directors who are the Chair of those sub-committees, receive an additional $4,000 annually. Non-executive directors who are called upon to perform extra services beyond the director's ordinary duties may be paid additional fees for those services.

The following fees were paid to non- executive directors for additional services during the year ended 30 June 2022:

» $50,000 to Travis Dillon (2021: $64,000) in relation to consulting services provided to the Sales and Marketing Team during the year.

Non-executive directors may also be granted equity incentives from time to time. The options granted are considered by the Board to be an effective means of appropriately compensating directors whilst preserving the Group's cash reserves and providing an alignment between Director and shareholder interests. No equity incentives were issued to non-executive directors as remuneration during the financial year.

EXECUTIVE DIRECTORS AND KEY MANAGEMENT PERSONNEL REMUNERATION

OBJECTIVE

The Group aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Group so as to:

» reward executives for Group and individual performance against agreed targets;
» align the interest of executives with those of shareholders;
» link reward with the strategic goals and performance of the Group; and
» ensure total remuneration is competitive by market standards.

STRUCTURE

In determining the level and make-up of executive remuneration, the Board has had regard to market levels of remuneration for comparable executive roles. It is the Board's policy that employment contracts are entered into with all senior executives.

VARIABLE REMUNERATION - SHORT AND LONG-TERM INCENTIVES

OBJECTIVE

The objectives of the incentive plan are to:

- recognise the ability and efforts of the employees of the Group who have contributed to the success of the Group and to provide them with rewards where deemed appropriate;
- provide an incentive to the employees to achieve the long-term objectives of the Group and improve the performance of the Group; and
- attract persons of experience and ability to employment with the Group and foster and promote loyalty between the Group and its employees.

STRUCTURE

Long term incentives granted to senior executives are delivered in the form of shares, options or performance rights in accordance with an Employee Incentive Plan. As part of the Group's annual strategic planning process, the Board and Management agree upon a set of financial and non-financial objectives for the Group. The objectives form the basis of the assessment of Management performance and vary but are targeted directly to the Group's business and financial performance and thus to shareholder value.

c. REMUNERATION, GROUP PERFORMANCE AND SHAREHOLDER WEALTH

The development of remuneration policies and structures is considered in relation to the effect on Group performance and shareholder wealth. They are designed by the Board to align director and executive behaviour with improving Group performance and ultimately shareholder wealth. The Board considers at this stage in the Group's development, that share price growth itself is an adequate measure of total shareholder return.

Executives are currently remunerated by a combination of cash base remuneration, options and short-term incentives. The options granted are considered by the Board to provide an alignment between the employees and shareholders interests.

The table below shows for the current financial year and previous financial years the total remuneration cost of the key management personnel, earnings per ordinary share (EPS), dividends paid or declared, and the closing price of ordinary shares on ASX at year end.

Financial Year	Total Remuneration $	EPS (Cents)	Dividends (cents)	Share Price as at 30 June (cents)
2022	1,111,142	(2.80)	-	15.5
2021	2,500,558	(3.23)	-	28.0
2020	766,416	(3.27)	-	17.5
2019	488,211	(3.38)	-	N/A[1]

[1]The Company commenced trading on the ASX on 11 December 2019.

d. REMUNERATION OF KEY MANAGEMENT PERSONNEL

Compensation paid, payable or provided by the Group or on behalf of the Group, to key management personnel is set out below. Key management personnel include all directors of the Group and certain executives who, in the opinion of the Board and Managing Director, have authority and responsibility for planning, directing, and controlling the activities of the Group directly or indirectly.

The Company's Managing Director and other members of senior management are employed under individual contracts of employment with the Company. The contracts set out:

- The individual's total fixed compensation, including fixed cash remuneration and the Company's superannuation contribution;
- Notice and termination provisions; and
- Employee entitlements including leave.

The Company makes contributions with respect to the senior executives to complying superannuation funds in accordance with relevant superannuation legislation and the individual contracts of employment. Summaries of material service agreements are set out below:

JIM COOPER, MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER

- Term of Agreement – Commencing from 25 June 2020 and ongoing unless terminated in accordance with its terms.
- Base Remuneration – Effective 25 June 2020 $301,125 per annum, including superannuation contributions, on a fulltime basis, subject to annual increases at the discretion of the Board of Directors.
- Additional annual car allowance of $19,495.
- Termination – By four months' notice from either party.
- Incentive benefits – Under the Employee Incentive Plan, to be determined by the Board of Directors after review of the annual company result for the relevant calendar year, and Management's performance
- Equity – The Director shall be entitled to participate in the Employee Incentive Plan of the Company.

PAUL GRAVE, GENERAL MANAGER NEW ZEALAND

- Base Remuneration – Effective 10 May 2021 NZD $257,500 per annum, including KiwiSaver contributions, plus car allowance NZD$25,000, on a fulltime basis, subject to annual increases at the discretion of the Board of Directors.
- Annual incentive of NZD$100,000 on achievement of Key Performance Indicators set by the Company.
- Termination – By three months' notice from either party.

MILES BRENNAN, CHIEF FINANCIAL OFFICER AND COMPANY SECRETARIAL SERVICES (APPOINTED 30 AUGUST 2021)

- Base Remuneration – Effective 30 August 2021 $250,000 per annum, including superannuation contributions, on a fulltime basis, subject to annual increases at the discretion of the Board of Directors.
- Termination – By three months' notice from either party.
- Incentive benefits – Under the Employee Incentive Plan, to be determined by the Board of Directors after review of the annual company result for the relevant calendar year, and Management's performance
- Equity – The employee shall be entitled to participate in the Employee Incentive Plan of the Company.

KARA KING, CHIEF FINANCIAL OFFICER AND COMPANY SECRETARIAL SERVICES (RESIGNED 29 AUGUST 2021)

- Base Remuneration – Effective 5 October 2020 $195,000 per annum, including superannuation contributions, on a fulltime basis, subject to annual increases at the discretion of the Board of Directors.
- Termination – By three months' notice from either party.
- Incentive benefits – Under the Employee Incentive Plan, to be determined by the Board of Directors after review of the annual company result for the relevant calendar year, and Management's performance
- Equity – The employee shall be entitled to participate in the Employee Incentive Plan of the Company.

2022

	Cash and salary fees	Super-annuation	Employee entitlements[g]	Share based payments	Other	Total remuneration	Proportion of remuneration that is performance based
	$	$			$	$	%
NON-EXECUTIVE DIRECTORS							
Travis Dillon[a]	62,000	-	-	-	50,000	112,000	0%
Dr Paul Schober[b]	29,333	-	-	-	-	29,333	0%
Sam Brougham[c]	44,000	-	-	-	-	44,000	0%
Ingrid van Dijken	44,000	-	-	-	-	44,000	0%
Total Non-Executive Directors	**179,333**	**-**	**-**	**-**	**50,000**	**229,333**	**0%**
EXECUTIVE DIRECTORS							
Jim Cooper	276,931	24,194	37,026	-	19,495	357,646	0%
Total Executive Directors	**276,931**	**24,194**	**37,026**	**-**	**19,495**	**357,646**	**0%**
OTHER KEY MANAGEMENT PERSONNEL							
Paul Grave[d]	225,569	7,444[h]	8,589	-	22,557	264,159	0%
Kara King[e]	35,592	2,955	-	-	-	38,547	0%
Miles Brennan[f]	191,116	19,112	11,229	-	-	221,457	0%
Total Key Management Personnel	**452,277**	**29,511**	**19,818**	**-**	**22,557**	**524,163**	**0%**
Total Director and KMP Compensation	**908,541**	**53,705**	**56,844**	**-**	**92,052**	**1,111,142**	**0%**

[a] *Travis Dillon invoices director fees via Dillon Consulting Company Pty Ltd.*
[b] *Dr Paul Schober invoiced director fees via an ABN. Paul Schober resigned on 28 February 2022.*
[c] *Sam Brougham invoices director fees via Crofton Park Developments Pty Ltd atf Sam Brougham Family Trust.*
[d] *Paul Grave's earnings are paid in NZD and have been translated to AUD for the purposes of this table.*
[e] *Resigned 29 August 2021*
[f] *Appointed 30 August 2021*
[g] *Reflects annual and long service leave movements during the year*
[h] *KiwiSaver contribution of 3% of Gross Earnings*

2021

	Cash and salary fees	Super-annuation	Employee entitlements[i]	Share based payments	Other	Total remuneration	Proportion of remuneration that is performance based
	$	$			$	$	%
NON-EXECUTIVE DIRECTORS							
Travis Dillon[a,b]	62,000	–	–	–	64,000	126,000	0%
Dr Paul Schober[c]	44,000	–	–	–	–	44,000	0%
Sam Brougham[d]	44,000	–	–	–	–	44,000	0%
Ingrid van Dijken	44,000	–	–	–	–	44,000	0%
Gregory Robinson[e]	–	–	–	–	–	–	0%
Dr John Ryals[e]	–	–	–	–	–	–	0%
Total Non-Executive Directors	**194,000**	**-**	**-**	**-**	**64,000**	**258,000**	**0%**
EXECUTIVE DIRECTORS							
Jim Cooper	279,431	21,694	21,494	1,664,734	19,495	2,006,848	0%
Total Executive Directors	**279,431**	**21,694**	**21,494**	**1,664,734**	**19,495**	**2,006,848**	**0%**
OTHER KEY MANAGEMENT PERSONNEL							
Paul Grave[f]	33,701	1,011[h]	2,969	–	3,416	41,097	0%
Kara King	128,567	12,214	3,832	–	–	144,613	0%
Stephen Kelly[g]	50,000	–	–	–	–	50,000	0%
Total Key Management Personnel	**212,268**	**13,225**	**6,801**	**-**	**3,416**	**235,710**	**0%**
Total Director and KMP Compensation	**685,699**	**34,919**	**28,295**	**1,664,734**	**86,911**	**2,500,558**	**0%**

[a] *Appointed Chair on 27 July 2020*
[b] *Travis Dillon invoices director fees via Dillon Consulting Company Pty Ltd.*
[c] *Dr Paul Schober invoices director fees via an ABN*
[d] *Sam Brougham invoices director fees via Crofton Park Developments Pty Ltd atf Sam Brougham Family Trust.*
[e] *Resigned 27 July 2020*
[f] *Appointed 10 May 2021. Paul Grave's earnings are paid in NZD and have been translated to AUD for the purposes of this table.*
[g] *Resigned 2 December 2020*
[h] *KiwiSaver contribution of 3% of Gross Earnings*
[i] *Reflects annual and long service leave movements during the year*

SHARE-BASED COMPENSATION

On 17 July 2019, Terragen established an employee incentive plan (Employee Incentive Plan) to assist in the motivation, reward and retention of its Directors, executive staff, and other selected employees.

Incentives under the Employee Incentive Plan may be offered to an Eligible Employee which means:
- an employee of a Group Company;
- an executive director, a non-executive director, or a company secretary of a Group Company; or
- a contractor or consultant who provides services to a Group Company.

In selecting Eligible Employees to apply for, or otherwise receive incentives (Incentives), the Board will have regard to:
- the position in the Terragen Group held or to be held by the Eligible Employee;
- the Eligible Employee's length of service with the Terragen Group;
- the contribution made by the Eligible Employee to the Terragen Group;
- the potential contribution to be made by the Eligible Employee to the Terragen Group; and
- any other matters which the Board considers relevant.

The following incentives may be issued under the Employee Incentive Plan:
- a performance right;
- an option; and
- a share.

A grant of Incentives under the Employee Incentive Plan is subject to both the rules of the Employee Incentive Plan and the terms of the specific grant.

Options or performance rights granted under the Employee Incentive Plan may only be exercised if, at the time of exercise:
- the options or performance rights have vested;
- the options or performance rights have not been forfeited or lapsed; and
- the exercise price (for option or performance right (as adjusted if applicable)) has been paid.

During the financial year no options were issued under the Employee Incentive Plan.

The Board has rules that contain restrictions on removing the 'at risk' aspect of the options granted to executives. Executives may not enter into any transactions designed to remove the 'at risk' aspect of an instrument before it vests.

There are no vesting conditions attached to options issued in previous years. In the event of termination (specified circumstances) only vested options are entitled to be exercised and must be exercised within thirty days of termination or such other period as may be determined by the Board of Directors.

The assessed fair value at grant date of options granted to the individuals is allocated equally over the period from grant date to vesting date, and the amount is included in the remuneration tables above. Fair values at grant date are determined using an option pricing model that takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

SHARES PROVIDED ON EXERCISE OF REMUNERATION OPTIONS

No shares were issued to Key Management Personnel or Directors as a result of the exercise of options during the year. 2,605,000 shares were issued, as a result of the exercise of options, to individuals other than Key Management Personnel or Directors.

UNLISTED OPTION HOLDINGS

The numbers of options over ordinary shares in the Group held during the financial year by each director and each key management person of the Group, including their personally related parties, are set out below:

2022

Name	Balance at start of year	Granted as remuneration	Acquired other than as remuneration	Exercised	Held at time of ceasing to be KMP	Balance at end of year	Vested and exercisable
Travis Dillon	–	–	–	–	–	–	–
Dr Paul Schober	80,000	–	–	–	(80,000)	–	–
Sam Brougham	1,600,000	–	–	–	–	1,600,000	1,600,000
Ingrid van Dijken	100,000	–	–	–	–	100,000	100,000
Jim Cooper	8,000,000	–	–	–	–	8,000,000	8,000,000
Paul Grave	–	–	–	–	–	–	–
Kara King	–	–	–	–	–	–	–
Miles Brennan	–	–	–	–	–	–	–
Total	**9,780,000**	**-**	**-**	**-**	**(80,000)**	**9,700,000**	**9,700,000**

2021

Name	Balance at start of year	Granted as remuneration	Acquired other than as remuneration	Exercised	Held at time of ceasing to be KMP	Balance at end of year	Vested and exercisable
Travis Dillon	–	–	–	–	–	–	–
Dr Paul Schober	80,000	–	–	–	–	80,000	80,000
Sam Brougham	1,600,000	–	–	–	–	1,600,000	1,600,000
Ingrid van Dijken	100,000	–	–	–	–	100,000	100,000
Dr John Ryals	–	–	–	–	–	–	–
Gregory Robinson	–	–	–	–	–	–	–
Jim Cooper	–	8,000,000	–	–	–	8,000,000	8,000,000
Paul Grave	–	–	–	–	–	–	–
Stephen Kelly	–	–	–	–	–	–	–
Kara King	–	–	–	–	–	–	–
Total	**1,780,000**	**8,000,000**	**-**	**-**	**-**	**9,780,000**	**9,780,000**

e. SHARE HOLDINGS

The number of shares in the Group held during the financial year by each director of Terragen Holdings Limited and other key management personnel of the Group, including their personally related parties, are set out below. There were no shares granted during the reporting period as compensation (2021: nil).

2022	Balance at start of year	Shares held on appointment as KMP	Acquisitions during the year	Disposals during the year	Options converted	Shares held on ceasing to be KMP	Balance at the end of the year
Travis Dillon	-	-	350,000	-	-	-	350,000
Dr Paul Schober	233,000	-	-	-	-	(233,000)	-
Sam Brougham	15,178,718	-	-	-	-	-	15,178,718
Ingrid van Dijken	970,000	-	-	-	-	-	970,000
Jim Cooper	400,000	-	100,000	-	-	-	500,000
Paul Grave	-	-	-	-	-	-	-
Kara King	-	-	-	-	-	-	-
Miles Brennan	-	-	-	-	-	-	-
	16,781,718	**-**	**450,000**	**-**	**-**	**(233,000)**	**16,998,718**

2021	Balance at start of year	Shares held on appointment as KMP	Acquisitions during the year	Disposals during the year	Options converted	Shares held on ceasing to be KMP	Balance at the end of the year
Travis Dillon	219,000	-	-	(219,000)	-	-	-
Dr Paul Schober	233,000	-	-	-	-	-	233,000
Sam Brougham	14,721,616	-	457,102	-	-	-	15,178,718
Ingrid van Dijken	1,290,000	-	-	(320,000)	-	-	970,000
Gregory Robinson	3,758,000	-	-	-	-	(3,758,000)	-
Dr John Ryals	-	-	-	-	-	-	-
Jim Cooper	200,000	-	200,000	-	-	-	400,000
Paul Grave	-	-	-	-	-	-	-
Kara King	-	-	-	-	-	-	-
Stephen Kelly	60,000	-	-	-	-	(60,000)	-
	20,481,616	**-**	**657,102**	**(539,000)**	**-**	**(3,818,000)**	**16,781,718**

f. LOANS TO KEY MANAGEMENT PERSONNEL

There were no loans to key management personnel at any time during the financial year however unpaid director and other fees amounted to $106,778 (2021: $126,091).

END OF REMUNERATION REPORT

INSURANCE AND INDEMNIFICATION

To the extent permitted by law, the Group has indemnified (fully insured) each director and the secretary of the Group. The liabilities insured include costs and expenses that may be incurred in defending civil or criminal proceedings (that may be brought) against the officers in their capacity as officers of the Company or a related body, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company. Premiums paid during the year for Directors & Officers liability insurance were $135,651.

PROCEEDINGS ON BEHALF OF THE GROUP

The Group is not aware that any person has applied to the court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings in which the Group is a party, for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings. No proceedings have been brought or intervened in on behalf of the Group with leave of the court under section 237 of the Corporations Act 2001.

NON-AUDIT SERVICES

The Group may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group are important. Details of amounts paid or payable to the auditor for audit and non-audit services provided during the year by the auditor are set out in Note 2 to the Financial Statements.

The directors are satisfied that the provision of non-audit services, during the year, by the auditor is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are of the opinion that the services, as disclosed in note 2 to the financial statements, do not compromise the external auditor's independence, for the following reasons:

» all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
» none of the services undermine the general principles relating to auditor independence as set out in APES 110 'Code of Ethics for Professional Accountants', including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

Details of the amounts paid or payable to the auditor, Deloitte for audit services provided during the year are set out in note 2 to the financial report.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is attached to this report.

AUDITOR

Deloitte continues in office in accordance with section 327 of the Corporations Act 2001.

ROUNDING OFF OF AMOUNTS

The company is a company of the kind referred to in ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the directors' report and the financial statements are rounded off to the nearest dollar unless otherwise indicated.

This report is made in accordance with a resolution of directors.

On behalf of the Directors

Jim Cooper | Managing Director

Melbourne, 29 August 2022

AUDITOR'S INDEPENDENCE DECLARATION

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060
477 Collins Street
Melbourne, VIC, 3000
Australia

Phone: +61 3 9671 7000
www.deloitte.com.au

The Board of Directors
Terragen Holdings Limited
Unit 6, 39 Access Street
COOLUM BEACH QLD 4573

29 August 2022

Dear Board Members,

Terragen Holdings Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Terragen Holdings Limited.
As lead audit partner for the audit of the financial statements of Terragen Holdings Limited for the financial year ended 30 June 2022, I declare to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

DELOITTE TOUCHE TOHMATSU

Peter Glynn
Partner
Chartered Accountants

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060
477 Collins Street
Melbourne, VIC, 3000
Australia

Phone: +61 3 9671 7000
www.deloitte.com.au

Independent Auditor's Report to the members of Terragen Holdings Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Terragen Holdings Limited (the "Company"), and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 30 June 2022, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1(c) in the financial report, which indicates that the Group incurred a net loss of $5,407,130 and net cash operating cash outflows of $4,805,134 during the year ended 30 June 2022. As stated in Note 1(c), these events and conditions, along with other matters as set forth in Note 1(c), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Except for the matter described in the Material Uncertainty Related to Going Concern section, we have determined that there are no key audit matters to communicate in our report.

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060
477 Collins Street
Melbourne, VIC, 3000
Australia

Phone: +61 3 9671 7000
www.deloitte.com.au

Other Information

The directors are responsible for the other information. The other information comprises the Operating and Financial Overview, Directors' Report and ASX Announcement – Annual Results Announcement which we obtained prior to the date of our auditors report, and also includes the following information which will be included in the Group's annual report (but does not include the financial report and our auditor's report thereon): Corporate Directory, Corporate Governance Report and Shareholder Information, which is expected to be made available to us after that date.

Our opinion on the financial report does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Corporate Directory, Corporate Governance Report and Shareholder Information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and use our professional judgement to determine the appropriate action.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.
As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060
477 Collins Street
Melbourne, VIC, 3000
Australia

Phone: +61 3 9671 7000
www.deloitte.com.au

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060
477 Collins Street
Melbourne, VIC, 3000
Australia

Phone: +61 3 9671 7000
www.deloitte.com.au

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included on pages 11 to 19 of the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Terragen Holdings Limited, for the year ended 30 June 2022, complies with section *300A of the Corporations Act 2001*.

Responsibilities
The directors of Terragen Holdings Limited are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Peter Glynn

Peter Glynn
Partner
Chartered Accountants
Melbourne, 29 August 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2022

	Notes	2022 $	2021 $
Revenue	*3*	2,890,716	3,652,301
Other income	*3*	95,262	393,563
Direct research expenses	*6*	(840,396)	(871,232)
Raw materials and consumables used		(274,161)	(464,417)
Transport costs		(257,127)	(263,574)
Commissions		(694,786)	(972,999)
Employee benefits expense	*5*	(4,498,319)	(3,816,687)
Motor vehicle costs		(85,752)	(73,966)
Occupancy costs		(151,224)	(134,245)
Advertising and marketing expenses		(511,501)	(622,593)
Accounting and audit expenses	*2*	(214,171)	(194,032)
Travel and accommodation		(84,063)	(76,023)
ASX and share registry expenses		(84,572)	(85,221)
Computer costs		(106,220)	(110,467)
Consulting costs		(314,310)	(373,283)
Insurance costs		(250,090)	(216,739)
Finance costs	*7*	(18,384)	(22,466)
Legal costs		(90,980)	(126,787)
Depreciation and amortisation expense	*4*	(608,923)	(524,310)
Share based payment expenditure		-	(1,664,734)
Other expenses		(201,559)	(112,932)
Loss before income tax expense from continuing operations		**(6,300,560)**	**(6,680,843)**
Income tax benefit	*9*	893,430	580,692
Loss for the year after income tax benefit		**(5,407,130)**	**(6,100,151)**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Gain on translation of foreign operations		**3,477**	**317**
Total comprehensive loss for the year		**(5,403,653)**	**(6,099,834)**
Basic and diluted loss per share (cents per share)	*10*	(2.80)	(3.23)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2022

	Notes	2022 $	2021 $
Current assets			
Cash and cash equivalents	*22*	6,669,478	11,641,681
Trade and other receivables	*11*	230,792	322,078
Inventories		144,506	3,409
Other current assets	*12*	151,551	243,158
Current tax asset	*13*	890,223	1,098,630
Total current assets		**8,086,550**	**13,308,956**
Non-current assets			
Right of use assets	*14*	336,080	354,581
Property, plant, and equipment	*15*	625,928	908,713
Intangible assets	*16*	166,376	149,578
Other assets		1,720	2,560
Total non-current assets		**1,130,104**	**1,415,432**
TOTAL ASSETS		**9,216,654**	**14,724,388**
Current liabilities			
Trade and other payables	*17*	763,555	1,055,830
Borrowings	*18*	176,495	144,444
Employee provisions	*19*	314,914	219,413
Total current liabilities		**1,254,964**	**1,419,687**
Non-current liabilities			
Borrowings	*18*	155,767	213,513
Employee provisions	*19*	44,662	67,900
Total non-current liabilities		**200,429**	**281,413**
TOTAL LIABILITIES		**1,455,393**	**1,701,100**
NET ASSETS		**7,761,261**	**13,023,288**
Equity			
Issued capital	*20*	43,004,870	42,438,295
Reserves	*21*	2,290,440	2,801,268
Accumulated losses		(37,534,049)	(32,216,275)
TOTAL EQUITY		**7,761,261**	**13,023,288**

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2022

2022

	Issued Capital $	Reserves $	Accumulated Losses $	Total Equity $
Balance as at 1 July 2021	**42,438,295**	**2,801,268**	**(32,216,275)**	**13,023,288**
Loss for the year	-	-	(5,407,130)	(5,407,130)
Other comprehensive income	-	3,477	-	3,477
Total comprehensive loss for the year	**-**	**3,477**	**(5,407,130)**	**(5,403,653)**
Transactions with owners in their capacity as owners:				
Options exercised or lapsed in relation to employee incentive arrangements	566,575	(514,305)	89,356	141,626
Total transactions with owners in their capacity as owners	**566,575**	**(514,305)**	**89,356**	**141,626**
Balance as at 30 June 2022	**43,004,870**	**2,290,440**	**(37,534,049)**	**7,761,261**

2021

	Issued Capital $	Reserves $	Accumulated Losses $	Total Equity $
Balance as at 1 July 2020	**41,560,581**	**1,636,894**	**(26,154,920)**	**17,042,555**
Loss for the year	-	-	(6,100,151)	(6,100,151)
Other comprehensive income	-	317	-	317
Total comprehensive loss for the year	**-**	**317**	**(6,100,151)**	**(6,099,834)**
Transactions with owners in their capacity as owners:				
Options exercised or lapsed in relation to employee incentive arrangements	877,714	(500,677)	38,796	415,833
Fair value of share options issued	-	1,664,734	-	1,664,734
Total transactions with owners in their capacity as owners	**877,714**	**1,164,057**	**38,796**	**2,080,567**
Balance as at 30 June 2021	**42,438,295**	**2,801,268**	**(32,216,275)**	**13,023,288**

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 $	2021 $
Cash flow from operating activities			
Receipts from customers		2,400,603	2,979,462
Payments to suppliers and employees		(8,322,083)	(7,761,435)
Interest and other costs of finance paid		(18,384)	(22,467)
Interest received		32,893	123,137
Government grants received		-	157,354
Research and development tax concessions received		1,101,837	-
Net cash flows used in operating activities	*22(b)*	**(4,805,134)**	**(4,523,949)**
Cash flow from investing activities			
Payments for property, plant, and equipment		(142,596)	(385,539)
Proceeds for sale of property, plant, and equipment		57,302	-
Payments for intangible assets		(32,911)	(22,479)
Net cash used in investing activities		**(118,205)**	**(408,018)**
Cash flow from financing activities			
Proceeds from share issue	*20*	141,626	415,833
Repayments of borrowings		-	(38,308)
Repayment of lease liabilities		(194,324)	(182,601)
Net cash provided by financing activities		**(52,698)**	**194,924**
Cash and cash equivalents at the beginning of the year		**11,641,681**	**16,378,408**
Net increase in cash and cash equivalents		(4,976,037)	(4,737,043)
Foreign exchange difference on cash and cash equivalents		3,834	316
Cash and cash equivalents at the end of the year	*22(a)*	**6,669,478**	**11,641,681**

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.


2004
BAXTER
2269

NOTES TO THE FINANCIAL STATEMENTS

The financial report covers Terragen Holdings Limited (the "Company" or "Terragen") and the entity it controlled for the year ended 30 June 2022 (collectively "Group"). For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity.

Terragen Holdings Limited is a listed public company limited by shares, incorporated, and domiciled in Australia. The presentation currency and functional currency of the Company is Australian dollars.

The principal activities of the Company during the financial year were research, development, and early market development of biological products in the agriculture sector.

The Registered office and principal place of business address of the Company is Unit 6, 39 Access Crescent, Coolum Beach, QLD, Australia, 4573.

The financial report was authorised for issue by the Board of Directors of Terragen on the date shown on the Declaration by Directors attached to the Financial Statements.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies which have been adopted in the preparation of these financial statements are set out below.

a. STATEMENT OF COMPLIANCE

The financial report is a general-purpose financial report which has been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards, and Interpretations, and complies with other requirements of the law.

These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB).

b. BASIS OF PREPARATION

The financial report has been prepared on historical cost basis. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars unless otherwise noted. All values are rounded to the nearest dollar.

c. GOING CONCERN

The financial report has been prepared on the going concern basis which assumes the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business for a period of at least 12 months from the date of authorisation of the financial report for issue.

The Group incurred a loss from continuing operations of $5,407,130 and net operating cash outflows of $4,805,134 for the year ended 30 June 2022.

The ability of the Group to continue as a going concern is based upon the following:

- The ability of the Group to ensure sufficient cash flows are generated through the successful execution of management's sales strategy, which includes realising additional benefits from strategic partnerships.
- Receipts from the Federal Government R&D tax incentive programme continue on the basis that the Group continues to qualify for these receipts.
- The ability to raise additional capital should it be required.

In the event that the Group is unable to achieve successful outcomes in relation to the matters listed above, a material uncertainty would exist that would cast significant doubt as to whether the Group will be able to continue as a going concern and therefore whether it will realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial report. Having considered all relevant facts the Directors are satisfied that is appropriate to prepare the financial report on the going concern basis.

d. EARNINGS PER SHARE

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

e. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

The Group has adopted all the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current year. None of the new and revised Standards and amendments thereof and Interpretations that became effective for the current year were applicable or material to the Group:

- AASB 2020-8 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2
- AASB 2021-3 Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions beyond 30 June 2021

NEW AND REVISED IFRS STANDARDS IN ISSUE BUT NOT YET EFFECTIVE

The Directors do not consider that the adoption of any new Standards and Interpretations in issue but not yet effective at the date of these financial statements will have a material impact on the financial statements of the Group.

f. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described below, Management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

CRITICAL JUDGEMENTS AND ESTIMATES IN APPLYING THE GROUP'S ACCOUNTING POLICIES

The directors have made the following critical judgements and estimations in the process of applying the Group's accounting policies.

IMPACT OF COVID-19

COVID-19 restrictions continued through the first half of the financial year. These lockdowns limited sales activity, throughout the Company's key sales regions in Victoria, Tasmania and New South Wales. The Group did not receive any grants from the Australian government related to COVID-19 during the year.

In preparing the consolidated financial report, Management has considered the impact of COVID-19 on the various balances in the financial report, including the carrying values of trade receivables and finite life non-current assets. Management determined that there was no significant impact of COVID-19 on the abovementioned balances and accounting estimates.

JUDGEMENTS – RESEARCH & DEVELOPMENT

With regard to research and development costs incurred during the financial year it has been determined that the Group has not met the criteria for capitalisation as an asset, as outlined in Note 1(w), as the ability to successfully commercialise Terragen's products is dependent on broadening the range of uses which is unlikely to occur until Terragen has data to validate the benefits of its products in those wider applications. The research and development expenditure incurred by the Group during the financial year was primarily designed to provide this additional evidence.

KEY SOURCES OF ESTIMATION UNCERTAINTY

In the following notes are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

ESTIMATION UNCERTAINTY

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income, and expenses is provided in the following notes:

I. TAX RECEIVABLES

Management has estimated the amount receivable that can be claimed in respect of Research and Development tax offsets based on application of the rules and requirements of the relevant tax legislation. Refer also to Note 1(q).

II. RECOVERABILITY OF DEFERRED TAX ASSET

Deferred tax assets have not been recognised as Management and the Directors do not believe that the members of the Group satisfy the recognition criteria set out in paragraph 35 of AASB112 i.e., "that the entity has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which the unused tax losses or unused tax credits can be utilised by the entity".

There have been no other significant estimates and judgements made in applying accounting policies that the Directors consider would have a significant effect on the amounts recognised in the financial statements. There have been no key assumptions made concerning the future, and there are no other key sources of estimation uncertainty at the reporting date, that the Directors consider would have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

g. SUBSIDIARIES

Subsidiaries are all entities over which the Group has control. The Group controls an entity where the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and balance sheet, respectively.

h. PRINCIPLES OF CONSOLIDATION

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is re-measured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture, or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

i. FOREIGN CURRENCY TRANSLATION

In preparing the financial statements of the Group, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other expenses.

j. BORROWINGS

Borrowings are recorded initially at fair value, net of transaction costs. Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the borrowing using the effective interest rate method.

k. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand, cash in banks and investments in money market instruments, net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

l. EMPLOYEE BENEFITS

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably. Liabilities recognised in respect of short-term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Liabilities recognised in respect of long-term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date. Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

m. FINANCIAL INSTRUMENTS

RECOGNITION AND DERECOGNITION

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

CLASSIFICATION OF FINANCIAL ASSETS

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- » The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows
- » The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- » the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- » the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL). Financial assets are classified according to their business model and the characteristics of their contractual cash flows. In the preparation of these financial statements, all financial assets are measured at amortised cost.

IMPAIRMENT OF FINANCIAL ASSETS

The Group makes use of a simplified approach for trade and other receivables as well as contract assets and records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the Group uses its historical experience, external indicators, and forward-looking information to calculate the expected credit losses.

FINANCIAL LIABILITIES

All financial liabilities are measured subsequently at amortised cost using the effective interest method.

FINANCIAL LIABILITIES MEASURED AT AMORTISED COST

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

n. TRADE PAYABLES

Trade payables and other accounts payable are recognised when the Group becomes obliged to make future payments resulting from the purchase of goods and services.

o. GOODS AND SERVICES TAX (GST)

Revenues, expenses, and assets are recognised net of the amount of goods and services tax (GST), except:

i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or

ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the statement of cash flows on a net basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

p. IMPAIRMENT OF ASSETS

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

q. INCOME TAX

CURRENT TAX

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

DEFERRED TAX

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

CURRENT AND DEFERRED TAX FOR THE YEAR

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Management estimates the Research and Development tax refund based on application of the rules and requirements of the legislation. The Group recognises the benefit in the determination of income tax expense/benefit.

TAX CONSOLIDATION

The company and its wholly-owned Australian resident entity are members of a tax-consolidated group under Australian tax law. Terragen Holdings Limited is the head entity within the tax-consolidated group. In addition to its own current and deferred tax amounts, the company also recognises the current tax liabilities and assets and deferred tax assets arising from unused tax losses and relevant tax credits of the members of the tax-consolidated group.

Amounts payable or receivable under the tax-funding arrangement between the company and the entities in the tax consolidated group are determined using a 'separate taxpayer within group' approach to determine the tax contribution amounts payable or receivable by each member of the tax-consolidated group. This approach results in the tax effect of transactions being recognised in the legal entity where that transaction occurred, and does not tax effect transactions that have no tax consequences to the group. The same basis is used for tax allocation within the tax-consolidated group.

r. INVENTORIES

Inventories are valued at the lower of cost and net realisable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventory on hand by the method most appropriate to each class of inventory, with the majority being valued on a first in first out basis. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

s. LEASES

GROUP AS LESSEE

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant, and equipment with the exception that they factor in lease renewals where relevant. In addition, the right-of-use assets are periodically reduced by impairment losses in accordance with AASB 136 *Impairment of Assets*, if any, and adjusted for certain remeasurements of the lease liability.

LEASE LIABILITIES

The lease liability is initially measured at present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate as the discount rate. The discount rate is generally calculated using incremental borrowing rates for the specific lease terms and currencies. Lease liabilities are disclosed in the Consolidated Statement of Financial Position.

Lease payments included in the measurement of the lease liability comprise the following:

» fixed payments, including in substance fixed payments less any lease incentives receivables;
» variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement rate;
» amounts expected to be payable under a residual value guarantee;
» the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option; and
» payment of penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It will be remeasured when there is a change in index rate for future lease payments, a change in the Group's estimated amount payable under a residual value guarantee or changes in the Group's assessment of probabilities of exercising a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. The Group did not make any such adjustment during the period presented.

t. PROPERTY, PLANT, AND EQUIPMENT

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and any impairment in value.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit and loss during the financial period in which they are incurred.

The depreciable amounts of all fixed assets including buildings, but excluding freehold land, are depreciated over their estimated useful lives to the Group commencing from the time the asset is held ready for use.

The following depreciation rates are used in the calculation of depreciation:

Class of Fixed Assets	Depreciation Rate	Basis
Plant and equipment	10 – 40%	Straight line
Furniture & fittings	10 – 50%	Straight line
Motor vehicles	25%	Straight line
Plant and Equipment R&D	10 – 33%	Straight line
Leasehold improvements	10 – 33%	Straight line

Right-of-use assets are depreciated over the shorter period of the lease term and the useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset.

u. PROVISIONS

Provisions are recognised when the Group has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, considering the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

v. REVENUE RECOGNITION

SALE OF GOODS AND AGENT COMMISSION

Revenue is recognised at the time goods are delivered to the customer as this is the point in time that the Group satisfies its performance obligations.

Sales are generally made via Retail Agents who are engaged to sell Terragen product as agent for Terragen. Retail Agents are eligible for sales commissions which are recognised at the point of sale, as an expense. Where sales are made via a Retail Agent, the sales consideration from the customer is paid to the Retail Agent and then paid to Terragen, net of a Base Sales Commission. Performance-based Sales Commissions are paid by Terragen to the Retail Agent subsequent to year end, subject to the Retail Agent meeting certain criteria. Accordingly, included in the Consolidated Statement of Cash Flows, Base Commissions are deducted in determining the net cash included within *Receipts from Customers* and Bonus Sales Commissions are included in *Payment to Suppliers*. Included in the Consolidated Statement of Financial Position, the Base Sales Commission is offset against their respective *Trade Receivables* and Performance-based Sales Commissions are included in *Trade & Other Payables*.

GRANT REVENUE

Grant revenue is recognised at fair value when there is reasonable assurance that the grants will be received. Grant revenue is recognised in profit or loss in the same period as the relevant expenses.

INTEREST REVENUE

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

w. INTANGIBLE ASSETS

INTERNALLY-GENERATED INTANGIBLE ASSETS - RESEARCH AND DEVELOPMENT EXPENDITURE

Expenditure on research activities is recognised as an expense in the period in which it is incurred.
An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

» the technical feasibility of completing the intangible asset so that it will be available for use or sale;
» the intention to complete the intangible asset and use or sell it;
» the ability to use or sell the intangible asset;
» how the intangible asset will generate probable future economic benefits;
» the availability of adequate technical, financial, and other resources to complete the development and to use or sell the intangible asset; and
» the ability to measure reliably the expenditure attributable to the intangible asset during its development

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred. Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

2. REMUNERATION OF AUDITORS

During the year, the following fees were paid or payable for services provided by the auditor of the parent entity and its related practices:

Deloitte Touche Tohmatsu and related network firms	2022 $	2021 $
Audit and assurance services		
Audit and review of financial reports	132,300	142,088
Other services		
Advice on taxation and other matters and review and lodgement of corporate tax returns	24,435	14,700
Professional Research and Development (R&D) taxation services	24,675	52,814
	49,110	**67,514**
	181,410	**209,602**

Other auditors and their related network firms	2022 $	2021 $
Other services		
Review and lodgement of the fringe benefits tax returns	25,407	–
	25,407	**-**
Total Remuneration	**206,817**	**209,602**

3. REVENUE AND OTHER INCOME

	2022 $	2021 $
Sale of goods	2,890,716	3,652,301
Other income		
Grant income	5,067	203,153
Interest received	32,893	123,137
COVID-19 grant received	–	50,000
Other income	57,302	17,273
Total Other Income	**95,262**	**393,563**
Total revenue and other income	**2,985,978**	**4,045,864**

4. DEPRECIATION AND AMORTISATION EXPENSE

	2022 $	2021 $
Depreciation of Right-of-use assets (refer to note 14)	181,430	145,816
Depreciation of property, plant, and equipment (refer to note 15)	411,368	373,302
Amortisation of intangible assets (refer to note 16)	16,125	5,192
Total depreciation and amortisation expense	**608,923**	**524,310**

5. EMPLOYEE BENEFIT EXPENSE

	2022 $	2021 $
Salaries and wages	3,717,402	3,313,825
Post-employment benefits	298,141	266,121
Termination benefits	94,808	96,571
Employee on-costs	150,632	95,170
Other employee benefits	237,336	45,000
Total employee benefit expense	**4,498,319**	**3,816,687**

6. RESEARCH AND DEVELOPMENT EXPENSE

	2022 $	2021 $
Direct research and development expenses	840,396	871,232
Employee benefits expense	1,192,174	1,079,400
Depreciation and amortisation expense	218,725	186,772
Other expenses	213,245	182,109
Total research and development expense	**2,464,540**	**2,319,513**

The above note shows total expenditure for the research and development by function contrasting with the Consolidated Statement of Profit or Loss and Other Comprehensive Income which details expenses by nature.

7. FINANCE COSTS

	2022 $	2021 $
Interest on lease liabilities	12,324	13,462
Other finance costs	6,060	9,004
	18,384	**22,466**

8. OPERATING SEGMENTS

The Group has identified its operating segments based on the internal reports that were reviewed and used by the Group's Chief Executive (the Chief Operating Decision Maker (CODM)) in assessing performance and determining the allocation of resources during the year.

The Group is managed primarily on a geographic basis, that is, the countries in which products are sold. Operating segments are therefore determined on the same basis. The CODM assesses the performance of the operating segments based on revenue and expenditure that is recognised in the statement of profit or loss in these financial statements. The measurement of gross expenditure does not include non-cash items such as depreciation expense and share based payments expense.

Geographic locations from which reportable segments derive their revenues:

» Australia
» New Zealand

Both operating segments generated revenue during the year. Revenue is recognized at the point in time that the Group satisfies its performance obligations by transferring the promised goods to its customers. Commissions are granted to agents who are members of the Retail Agency Partner Network (having signed Retail Agency Partner Agreements).

Assets, liabilities, and cash flows are not allocated to segments in the internal reports that are prepared for the CODM.

The following tables present revenue and loss information for the Group's operating segments for year ended 30 June 2022 and 30 June 2021, respectively.

I. SEGMENT PERFORMANCE

30 June 2022	Australia $	New Zealand $	TOTAL $
Total segment revenue	2,723,723	166,993	**2,890,716**
Segment other income	95,262	-	**95,262**
Segment expenditure	(8,639,362)	(647,176)	**(9,286,538)**
Segment result	**(5,820,377)**	**(480,183)**	**(6,300,560)**

MAJOR CUSTOMERS

Included in revenues arising from the Australian segment, are the following customers where greater than 10% of revenues are generated.

- Customer A - $490,875
- Customer B - $451,374
- Customer C - $365,150

No other single customer contributed 10 per cent or more to the Group's revenue.

30 June 2021	Australia $	New Zealand $	TOTAL $
Total segment revenue	3,369,203	283,098	3,652,301
Segment other income	393,562	-	393,562
Segment expenditure	(8,735,742)	(326,230)	(9,061,972)
Segment result	**(4,972,977)**	**(43,132)**	**(5,016,109)**

Reconciliation of segment result to Group loss before tax:

Share based payment expenditure	(1,664,734)
Net loss before tax	**(6,680,843)**

II. SEGMENT ASSETS

The following tables present assets and liabilities information for the Group's operating segments as at 30 June 2022 and 30 June 2021, respectively.

30 June 2022	Australia $	New Zealand $	TOTAL $
Segment assets	8,903,586	313,068	**9,216,654**

30 June 2021	Australia $	New Zealand $	TOTAL $
Segment assets	14,258,438	465,950	**14,724,388**

9. INCOME TAX EXPENSE

The income tax expense/benefit can be reconciled to the accounting profit/loss as follows:

	2022 $	2021 $
a. Components of tax benefit		
Current tax	(1,890,631)	(1,959,538)
Deferred tax	997,201	1,378,846
	(893,430)	**(580,692)**
b. Prima facie tax benefit		
Loss from continuing operations	(6,300,560)	(6,680,843)
Income tax benefit calculated at 25% (2021: 26%)	(1,575,140)	(1,737,019)
Non-deductible expenditure	633,232	399,582
Non-recognition of tax losses and temporary differences	941,908	1,337,438
Research and Development tax offset	(893,430)	(580,692)
Income tax benefit	**(893,430)**	**(580,692)**
c. Current tax asset		
Opening balance	1,098,630	517,938
R&D Tax concession received	(1,101,837)	-
Under/(over) provision of prior year R&D benefit	3,207	(59,308)
Research and Development tax offset accrual	890,223	640,000
Closing balance	**890,223**	**1,098,630**

Deferred tax assets associated with income tax losses have not been recognised due to uncertainty as to the timing of their recoupment from sufficient future taxable income. Deferred tax assets relating to unused tax losses that may potentially be available to the Group, subject to meeting the requirements under tax legislation, at 25% tax rate is $5,457,586 as at 30 June 2022.

10. LOSS PER SHARE

Both the basic and diluted loss per share have been calculated using the loss for the year. The reconciliation of the weighted average number of shares for the purpose of diluted loss per share to the weighted average number of ordinary shares used in the calculation of basic loss per share is as follows:

	2022 $	2021 $
Loss attributable to the owners of the Group	(5,407,130)	(6,100,151)

	Number	Number
Weighted average number of shares used in basic loss per share	192,939,826	188,713,251
Weighted average number of shares used in diluted loss per share (i)	192,939,826	188,713,251

i. There were no potential ordinary shares that are considered dilutive as they did not meet the requirements for inclusion as per AASB 133 Earnings per share since the Group generated losses for the year ended 30 June 2022 and the prior year.

11. TRADE AND OTHER RECEIVABLES

	2022 $	2021 $
Trade receivables	207,859	332,043
Loss allowance	(26,567)	(36,436)
	181,292	295,607
Other receivables	49,500	26,471
	230,792	**322,078**

The average credit period on sales of goods is 33 days (2021: 40 days). No interest is charged on outstanding trade receivables. The Group measures the loss allowance for trade receivables using the lifetime expected credit loss ("ECL") simplified approach. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Group has recognised a loss allowance of 100 per cent against all receivables over 120 days past due.

The ageing of the Group's trade receivables at 30 June 2022 was:

Not past due	148,897	305,466
Past due 1 – 30 days	54,118	8,272
Past due 31 - 150 days	3,768	3,999
Past due 151 - 330 days	1,076	14,306
TOTAL	**207,859**	**332,043**

12. OTHER CURRENT ASSETS

	2022 $	2021 $
Deposits and guarantees	129,006	110,598
Prepayments	22,545	132,560
	151,551	**243,158**

Deposits and guarantees relate principally to Term Deposits held as security against credit card facilities.

13. CURRENT TAX ASSETS

	2022 $	2021 $
Tax benefit on research and development	890,223	1,098,630

Movements in the tax benefit due during the year are set out below:

Opening balance at 1 July	1,098,630	517,938
Tax benefit on research and development received	(1,101,837)	-
Over accrual of prior year research and development offset	3,207	(59,308)
Accrual of tax benefit for the year	890,223	640,000
Closing balance at 30 June	**890,223**	**1,098,630**

14. RIGHT-OF-USE ASSETS

	Buildings $	Motor vehicles $	Research equipment $	Total $
Cost				
At 1 July 2020	**411,244**	**217,543**	**109,289**	**738,076**
Additions	-	102,560	-	102,560
Disposals	-	(57,583)	-	(57,583)
Balance at 30 June 2021	**411,244**	**262,520**	**109,289**	**783,053**
Additions	-	168,627	-	168,627
Disposals	-	(110,490)	-	(110,490)
At 30 June 2022	**411,244**	**320,657**	**109,289**	**841,190**
Accumulated Depreciation				
At 1 July 2020	**85,272**	**149,457**	**105,510**	**340,239**
Depreciation for the year	99,428	42,609	3,779	145,816
Disposals	-	(57,583)	-	(57,583)
Balance at 30 June 2021	**184,700**	**134,483**	**109,289**	**428,472**
Depreciation for the year	99,428	82,002	-	181,430
Disposals	-	(104,792)	-	(104,792)
At 30 June 2022	**284,128**	**111,693**	**109,289**	**505,110**
Carrying amount at 30 June 2022	**127,116**	**208,964**	**-**	**336,080**

The consolidated entity leases several assets including buildings, motor vehicles and plant and equipment used in manufacturing and research and development activities. Refer note 1 for further information on the consolidated entity's accounting policy for leases as a lessee.

During the year, four new lease contracts were entered into for motor vehicles for members of the sales teams in Australia and New Zealand. This resulted in additions to right-of-use assets of $168,627. A further two motor vehicles were disposed. These were vehicles that had reached the end of their lease terms and were subsequently disposed of.

The maturity analysis of lease liabilities is presented in note 23.

The following amounts were recognised in the loss for the year in relation to right-of-use assets:

	2022 $	2021 $
Depreciation expense on right of use assets	181,430	145,816
Interest expense on lease liabilities	12,324	13,462

The Group does not sub-lease any right-of-use assets.

15. PROPERTY, PLANT, AND EQUIPMENT

CARRYING AMOUNTS OF	2022 $	2021 $
Plant and equipment	197,858	228,632
Office equipment	18,587	16,746
Motor Vehicles	34,691	58,864
Research equipment	196,612	256,165
Leasehold improvements	178,180	301,496
Capital works in progress	-	46,810
Written down value	**625,928**	**908,713**

IMPAIRMENT

In accordance with policy, the Group undertook a formal impairment review for the year ended 30 June 2022. The review was performed at the cash generating unit (CGU) level to which all assets belong.

Based on impairment testing performed, the recoverable amount of the CGU exceeds the carrying amount at 30 June 2022. Accordingly, there is no impairment of property, plant and equipment, right-of-use assets or intangible assets.

The recoverable amount of the CGU was determined based on value-in-use. In assessing value-in-use the following was included:

» Estimated future cash flows based on actual operating results, the budget for the year ending 2023 and a five-year strategic plan adjusted for known developments;
» Market penetration levels based on history together with conservative growth assumptions;
» Pre-tax discount rate based on an industry Weighted Average Cost of Capital (WACC) of 29%.

MOVEMENTS IN CARRYING AMOUNTS

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

2022	Plant & equipment $	Office equipment $	Motor vehicles $	Research equipment $	Leasehold improve-ments $	Capital WIP	Total $
Cost							
Balance 1 July 2021	**447,641**	**89,076**	**90,939**	**745,541**	**520,360**	**46,810**	**1,940,367**
Additions	36,881	5,413	-	93,537	6,765	-	142,596
Disposals	(16,592)	-	-	-	-	-	(16,592)
Transfers	-	3,800	-	43,010	-	(46,810)	-
Balance 30 June 2022	**467,930**	**98,289**	**90,939**	**882,088**	**527,125**	**-**	**2,066,371**
Accumulated depreciation							
Balance 1 July 2021	**(219,009)**	**(72,330)**	**(32,075)**	**(489,376)**	**(218,864)**	**-**	**(1,031,654)**
Depreciation	(53,642)	(7,372)	(24,173)	(196,100)	(130,081)	-	(411,368)
Disposals	2,579	-	-	-	-	-	2,579
Balance 30 June 2022	**(270,072)**	**(79,702)**	**(56,248)**	**(685,476)**	**(348,945)**	**-**	**(1,440,443)**
Written down value	**197,858**	**18,587**	**34,691**	**196,612**	**178,180**	**-**	**625,928**

2021	Plant & equipment $	Office equipment $	Motor vehicles $	Research equipment $	Leasehold improve-ments $	Capital WIP	Total $
Cost							
Balance 1 July 2020	242,450	66,937	88,471	590,975	446,298	-	1,435,131
Additions	205,191	22,139	2,468	154,566	74,062	46,810	505,236
Balance 30 June 2021	**447,641**	**89,076**	**90,939**	**745,541**	**520,360**	**46,810**	**1,940,367**
Accumulated depreciation							
Balance 1 July 2020	(182,796)	(63,893)	(9,484)	(302,604)	(99,575)	-	(658,352)
Depreciation	(36,213)	(8,437)	(22,591)	(186,772)	(119,289)	-	(373,302)
Balance 30 June 2021	**(219,009)**	**(72,330)**	**(32,075)**	**(489,376)**	**(218,864)**	**-**	**(1,031,654)**
Written down value	**228,632**	**16,746**	**58,864**	**256,165**	**301,496**	**46,810**	**908,713**

16. INTANGIBLE ASSETS

	2022 $	2021 $
Patents & trademarks	224,107	191,184
Accumulated amortisation	(57,731)	(41,606)
Total intangible assets	**166,376**	**149,578**

	2022 $	2021 $
Balance at the beginning of the year	149,578	132,290
Additions from separate acquisitions	32,923	22,480
Amortisation charge for the year	(16,125)	(5,192)
Balance at the end of the year	**166,376**	**149,578**

Patents and trademarks are amortised over their estimated useful lives, which is on average 20 years.

17. TRADE AND OTHER PAYABLES

	2022 $	2021 $
Trade payables	189,607	147,784
Accrued expenses	479,882	776,487
Other payables	94,066	131,559
	763,555	**1,055,830**

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 22 days (2021: 37 days) from invoice date. The carrying values of the trade and other payables are considered to be a reasonable approximation of fair value.

18. LEASE LIABILITIES

	2022 $	2021 $
Current – at amortised cost	**176,495**	**144,444**
Non-current – at amortised cost	**155,767**	**213,513**

MOVEMENTS IN LEASE LIABILITIES

Movement in the lease liabilities between the beginning and the end of the current financial year:

	2022 $	2021 $
Balance at the beginning of the year	357,957	438,285
New leases entered into during the period	168,628	102,560
Lease payments made	(206,647)	(196,350)
Portion of lease payments recognised as finance cost	12,324	13,462
Balance at the end of the year	**332,262**	**357,957**
Recognised as:		
Current	176,495	144,444
Non-current	155,767	213,513
	332,262	**357,957**

19. EMPLOYEE PROVISIONS

CURRENT	2022 $	2021 $
Employee benefits	**314,914**	**219,413**

NON-CURRENT	2022 $	2021 $
Employee benefits	**44,662**	**67,900**

The provision for employee benefits relates to the Group's liability for accumulated long service and annual leave entitlements.

20. ISSUED CAPITAL

	2022 $	2021 $
Ordinary shares – issued and fully paid	**43,004,870**	**42,438,295**

At shareholder meetings, each ordinary share has the right to attend and vote, one vote for every share held. Each ordinary share has the right to participate in the dividends (if any) declared on that class of share.

	2022 shares	2021 shares	2022 $	2021 $
Beginning of the year	190,814,235	186,820,902	42,438,295	41,560,581
Issue of shares	–	–	–	–
Shares issued on the exercise of options (refer note 21(a) and (b))	2,605,000	3,993,333	566,575	877,714
Balance at 30 June	**193,419,235**	**190,814,235**	**43,004,870**	**42,438,295**

At shareholder meetings, each ordinary share is entitled to attend and vote, one vote for every share held. Shares issued as remuneration are issued at the market value of the shares with reference to recent capital raisings.

Shares issued on the exercise of options consisted of 2,605,000 employee options which had a fair value of $424,949 and exercise price proceeds of $141,626.

21. RESERVES

	2022 $	2021 $
Share based payments reserve (a)	1,772,814	2,287,119
Equity options reserve (b)	513,792	513,792
Foreign currency translation reserve	3,834	357
Total reserves	**2,290,440**	**2,801,268**

a. SHARE BASED PAYMENT RESERVE

OPTIONS ISSUED	2022 options	2021 options	2022 $	2021 $
Outstanding at the beginning of the year	**11,715,000**	**6,895,000**	**2,287,119**	**1,123,062**
Issued during the year	–	8,000,000	–	1,664,734
Exercised during the year (i)	(2,605,000)	(2,925,000)	(424,949)	(461,881)
Lapsed during the year	(510,000)	(255,000)	(89,356)	(38,796)
Outstanding at the end of the year	**8,600,000**	**11,715,000**	**1,772,814**	**2,287,119**

DETAILS OF THE EMPLOYEE INCENTIVE PLAN (EIP) OF THE GROUP

The Group has an EIP for directors, executives, employees, contractors and consultants of the Group and its subsidiaries (Eligible Participants). As approved by the Board, and in accordance with the terms of the EIP, Eligible Participants may be granted options or performance rights to purchase ordinary shares (Awards). Each Award converts into one ordinary share of the Group on exercise. No amounts are paid or payable by the recipient on receipt of the Award. The Awards carry neither rights to dividends nor voting rights. Awards may be exercised at any time from the date of vesting to the date of their expiry.

The number of Awards granted is calculated in accordance with service and performance-based criteria approved by the Group and is subject to approval by the Board.

i. During the year the following options were exercised which had previously had a cumulative balance within the reserve of $424,950:
   - 150,000 Tranche 5 options. The remainder 170,000 Tranche 5 options lapsed reducing the Tranche to nil.
   - 2,000,000 Tranche 7 options.
   - 455,000 Tranche 9 options. The remainder 340,000 Tranche 9 options lapsed reducing the Tranche to nil.

EMPLOYEE SHARES OPTIONS ON ISSUE

The following share-based payment arrangements were in existence as at 30 June 2022:

Option series	Number	Grant date	Vesting date	Expiry date	Exercise price	Fair Value at grant date
Tranche 7	600,000	01/09/2017	01/09/2017	16/08/2022	$0.05	$0.1587
Tranche 13	1,000,000	04/12/2020	04/12/2020	04/12/2025	$0.25	$0.2771
Tranche 14	2,000,000	04/12/2020	04/12/2020	04/12/2025	$0.50	$0.2332
Tranche 15	5,000,000	04/12/2020	04/12/2020	04/12/2025	$1.00	$0.1842

b. EQUITY OPTIONS RESERVE

OPTIONS ISSUED	2022 options	2021 options	2022 $	2021 $
Outstanding at the beginning of the year	11,245,710	12,314,043	513,792	513,792
Exercised during the year	-	(1,068,333)	-	-
Outstanding at the end of the year	**11,245,710**	**11,245,710**	**513,792**	**513,792**

i. During the year the following options were exercised:
   - 1,000,000 Tranche 11 options with a nil fair value at grant date.
   - 68,333 Tranche 12 options with a nil fair value at grant date.

The following equity options were in existence as at 30 June 2022:

Option series	Number	Grant date	Vesting date	Expiry date	Exercise price	Fair Value at grant date
Tranche 10	8,100,000	13/06/2019	13/06/2019	11/12/2022	$0.25	$0.0634
Tranche 11	2,000,000	10/07/2019	10/07/2019	11/12/2022	$0.25	$-
Tranche 12	1,145,710	17/07/2019	17/07/2019	11/12/2022	$0.25	$-

22. CASH AND CASH EQUIVALENTS

a. RECONCILIATION OF CASH AND CASH EQUIVALENTS

For the purposes of the statement of cash flows, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows can be reconciled to the related items in the statement of financial position as follows:

	2022 $	2021 $
Cash on hand	-	53
Cash at bank	6,669,478	11,641,628
Cash and bank balances	**6,669,478**	**11,641,681**

b. RECONCILIATION OF LOSS FOR THE YEAR TO NET CASH FLOWS FROM OPERATING ACTIVITIES

	2022 $	2021 $
Loss for the year	**(5,407,130)**	**(6,100,151)**
Adjustment for non-cash items		
Depreciation and amortisation	608,923	524,310
Movement in loss allowance	-	(56,996)
Share based payment expenditure	-	1,664,734
Profit on sale of property, plant, and equipment	(32,891)	-
Grant income accrual	(5,067)	-
	(4,836,165)	**(3,968,103)**
Changes in net assets and liabilities		
Trade and other receivables	91,286	282,888
Inventories	(141,097)	60,747
Other current assets	91,607	(57,711)
Current tax assets	208,407	(580,692)
Other non-current assets	840	-
Trade and other payables	(292,275)	(274,023)
Provisions	72,263	12,945
Net cash used in operating activities	**(4,805,134)**	**(4,523,949)**

23. FINANCIAL RISK MANAGEMENT

The Group is exposed to credit risk, liquidity risk and market risk. Overall financial risk management focuses on mitigating the potential financial effects to the Group's financial performance.

The Group manages its capital to ensure that the entity will be able to continue as a going concern whilst maximising the return to shareholders through the optimisation of the debt and equity balances.

The Group's capital includes issued capital less any accumulated losses. The Group policy is to maintain a capital base to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognised and the Group recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position. The Group is not subject to any externally imposed capital requirements.

a. CREDIT RISK

In order to minimise credit risk, the Group has adopted a policy of only dealing with creditworthy counterparties. For all new customers, credit checks are performed, using publicly available financial information and the Group's own trading records to rate its major customers.

Credit approvals and other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. Furthermore, the Group reviews the recoverable amount of each trade debt on an individual basis at the end of the reporting period to ensure that adequate loss allowance is made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

Trade receivables consist of a large number of customers, spread across geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

Of the trade receivables balance at the end of the year, $42,152 (2021: $60,227) is due from Company A, $nil (2021: $5,192) is due from Company B and $45,628 (2021: $82,852) is due from Company C, the Group's three largest customers disclosed in Note 8. Apart from this, the Group does not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities. Concentration of credit risk related to Companies A, B and C did not exceed 38 per cent of trade and other receivables assets at any time during the year.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

OVERVIEW OF THE GROUP'S EXPOSURE TO CREDIT RISK

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at 30 June 2022, the Group's maximum exposure to credit risk which will cause a financial loss to the Group, due to failure to discharge an obligation by the counterparties, arises from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

The table below details the credit quality of the Group's financial assets, as well as the Group's maximum exposure to credit risk by credit risk rating grades:

30 June 2022	Note	Internal credit rating	12-month or lifetime ECL?	Gross carrying amount	Loss allowance	Net carrying amount
Trade and other receivables	11	(i)	Lifetime ECL (simplified approach)	$257,359	$(26,567)	**$230,792**

i. For trade receivables, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix. Note 11 includes further details on the loss allowance for these assets respectively.

b. LIQUIDITY RISK

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

Liquidity and interest risk tables

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

Year ended 30 June 2022	< 6 months $	6-12 months $	1-5 years $	Total contractual cash flows $	Carrying amount $
Payables	763,555	-	-	763,555	763,555
Lease liability	96,571	96,571	150,264	343,406	332,262*
Net maturities	**860,126**	**96,571**	**150,264**	**1,106,961**	**1,095,817**

Year ended 30 June 2021	< 6 months $	6-12 months $	1-5 years $	Total contractual cash flows $	Carrying amount $
Payables	1,055,830	-	-	1,055,830	1,055,830
Lease liability	81,288	74,136	216,583	372,007	357,957*
Net maturities	**1,137,118**	**74,136**	**216,583**	**1,427,837**	**1,413,787**

* The difference between total contractual cash flows and carrying amount is interest payable over the lives of the lease agreements.

c. MARKET RISK

Market risk is the risk that the fair value of future cash flows will fluctuate because of changes in market prices. Market risk includes foreign currency risk and interest rate risk.

FOREIGN EXCHANGE RISK

The Group operates a branch in New Zealand and is exposed to foreign exchange risk arising from currency exposure. The Group's policy is to convert its local currency to the foreign currency at the time of the transaction. Foreign exchange risk arises from future commercial transactions and recognised financial liabilities denominated in a currency that is not the Group's functional currency (which is the Australian dollar).

The Group manages foreign exchange risk on an as-needs basis. The risk is measured using sensitivity analysis and cash-flow forecasting. The Group's exposure to foreign currency risk, expressed in Australian dollars at the reporting date, was as follows:

At 30 June 2022	AUD Denominated Balances in $AUD	NZ Denominated Balances converted to $AUD	TOTAL $AUD
Cash and cash equivalents	6,465,693	203,785	6,669,478
Trade and other receivables	212,587	18,205	230,792
Total other financial assets	133,419	19,852	153,271
Total assets	**6,811,699**	**241,842**	**7,053,541**
Trade and other payables	744,341	19,214	763,555
Total lease liabilities	274,166	58,096	332,262
Net exposure	**5,793,192**	**164,532**	**5,957,724**

At 30 June 2021	AUD Denominated Balances in $AUD	NZ Denominated Balances converted to $AUD	TOTAL $AUD
Cash and cash equivalents	11,167,388	474,293	11,641,681
Trade and other receivables	311,278	10,800	322,078
Total other financial assets	245,718	-	245,718
Total assets	**11,724,384**	**485,093**	**12,209,477**
Trade and other payables	1,030,398	25,432	1,055,830
Total lease liabilities	357,957	-	357,957
Net exposure	**10,336,029**	**459,661**	**10,795,690**

The following table details the Group's sensitivity to a 10% increase and decrease in the Australian dollar against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents an assessment of the reasonably possible change in foreign exchange rates. A negative number in the table represents a decrease in the operating profit before tax and reduction in equity where the Australian dollar strengthens against the relevant currency. For a 10% strengthening of the Australian dollar against the relevant currency, there would be a comparable impact on the loss or equity, and the balances below would be positive.

	2022 $	2021 $
Profit / (loss) before tax and equity – 10% increase	16,453	45,966
Profit / (loss) before tax and equity – 10% decrease	(16,453)	(45,966)

INTEREST RATE RISK

The Group's exposure to interest rate risk arises predominantly from cash and cash equivalents bearing variable interest rates, as the Group intends to hold any fixed rate financial assets to maturity. At the end of the reporting period the Group maintained the following variable rate accounts:

	30 June 2022		30 June 2021	
	Weighted average interest rate %	Balance $	Weighted average interest rate %	Balance $
Cash and cash equivalents	0.41%	6,669,478	0.5%	11,641,681

At the end of the reporting period, if the interest rates had changed, as illustrated in the table below, with all other variables remaining constant, after-tax profit and equity would have been affected as follows:

	After-tax loss higher / (lower)		Equity higher / (lower)	
	2022 $	2021 $	2022 $	2021 $
+0.41% (41bp) [2021: +0.5% (50bp)]	27,011	58,208	27,011	58,208
-0.41% (41bp) [2021: -0.5% (50bp)]	(27,011)	(58,208)	(27,011)	(58,208)

24. RELATED PARTY TRANSACTIONS

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

The Group's related parties include key management, post-employment benefit plans for the Group's employees and others as described below. Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

The aggregate compensation made to key management personnel of the Group is set out below:

	2022 $	2021 $
Salary	729,208	491,699
Superannuation	53,705	34,919
Director fees – cash	179,333	194,000
Director fees – share based payment expenditure	–	1,664,734
Other	148,946	115,206
TOTAL	**1,111,192**	**2,500,558**

Director fees for Sam Brougham are invoiced via Crofton Park Developments Pty Ltd atf Sam Brougham Family Trust. Sam Brougham is a director of the trustee and beneficiary of the trust. Fees in 2022 were $44,000 (2021: $44,000).

Director fees for Travis Dillon are invoiced via Dillon Consulting Company Pty Ltd. Fees in 2022 were $62,000 (2021: $62,000) comprising $54,000 in Chairman fees and $8,000 in Committee fees. A further $50,000 (2021: $64,000) was paid to Travis Dillon in relation to consulting services provided to the Sales and Marketing Team.

25. COMMITMENTS

There were no capital expenditure commitments at 30 June 2022 (2021: $nil).

26. CONTINGENT LIABILITIES

There are no contingent liabilities as at 30 June 2022 (2021: nil).

27. SUBSEQUENT EVENTS

There has been no matter or circumstance which has arisen since the end of the year that has significantly affected, or may significantly affect the Group's operations, the result of those operations or the Group's state of affairs.

28. INTERESTS IN SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities, and results of the following subsidiaries in accordance with the accounting policy described in note 1(g).

			Equity holding	
Name of Subsidiary	Country of incorporation	Principal activity	2022 %	2021 %
Terragen Biotech Pty Limited (i)	Australia	Agricultural biotech	100	100

i. Terragen Biotech Pty Ltd operates in Australia however also operates through a branch in New Zealand.

29. PARENT ENTITY

	2022 $	2021 $
Information relating to Terragen Holdings Limited ('the Parent Entity'):		
Statement of financial position		
Current assets	6,298,323	11,027,552
Total assets	6,464,800	11,177,230
Current liabilities	(282,450)	(292,506)
Total liabilities	(282,450)	(292,506)
NET ASSETS	**6,182,350**	**10,884,722**
Issued capital	43,004,871	42,438,295
Reserves	2,286,606	2,801,268
Accumulated losses	(39,109,127)	(34,354,841)
TOTAL EQUITY	**6,182,350**	**10,884,722**
Statement of profit or loss and other comprehensive income		
Loss for the year	(4,843,998)	(8,238,440)
Other comprehensive income	-	-
TOTAL COMPREHENSIVE INCOME	**(4,843,998)**	**(8,238,440)**

The Parent Entity has no capital commitments at 30 June 2022 (2021: $Nil).
The Parent Entity had no contingent liabilities at 30 June 2022 (2021: $Nil).

DIRECTORS' DECLARATION

In the directors' opinion:

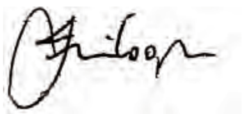
a. the attached financial statements and notes are in accordance with the Corporations Act 2001, including:
   i. complying with Australian Accounting Standards and the Corporations Regulations 2001; and
   ii. giving a true and fair view of the Group's financial position as at 30 June 2022 and of its performance, as represented by the results of its operations and its cash flows, for the year ended on that date.

b. the financial report also complies with International Reporting Standards as disclosed in note 1 (a); and

c. there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

d. The Directors' have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of directors.



Jim Cooper | Managing Director

Melbourne, 29 August 2022

SHAREHOLDER INFORMATION

In accordance with ASX Listing Rule 4.10, Terragen Holdings Limited ("Terragen") provides the following information to shareholders not elsewhere disclosed in the Annual Report.

The shareholder information set out below was applicable as of 28 September 2022.

A. CORPORATE GOVERNANCE STATEMENT

The Company has prepared a Corporate Governance Statement which sets out the corporate governance practices that were in operation in the year ended 30 June 2022.

In accordance with ASX Listing Rule 4.10.3, the Corporate Governance Statement will be available for review on Terragen's website www.terragen.com.au and will be lodged with the ASX at the same time that this Annual Report is lodged with the ASX.

B. DISTRIBUTION AND NUMBER OF HOLDERS OF EQUITY SECURITIES

The distribution and number of holders of equity securities on issue in the Company as at 28 September 2022, and the number of holders holding less than a marketable parcel of the company's ordinary shares based on the closing market price as at 28 September 2022 is as follows:

Range	Listed fully paid ordinary shares		Unlisted Options		Unlisted Employee Options	
	Number of holders	% of securities	Number of holders	% of securities	Number of holders	% of securities
1 – 1,000	26	0.00	-	-	-	-
1,001 – 5,000	121	0.19	1	0.03	-	-
5,001 – 10,000	96	0.41	1	0.06	-	-
10,001 – 100,000	286	6.53	9	4.81	-	-
100,001 and over	178	92.86	13	95.11	1	100.00
Total	**707**	**100.00**	**24**	**100.00**	**12**	**100.00**

As at 28 September 2022, the number of shareholders holding less than a marketable parcel of $500 worth of shares, based on the closing market price on that date of $0.13 per share, is 111.

The total securities on issue in each class of equity securities as at 28 September 2022 are:

	Listed fully paid ordinary shares	Unlisted Options	Unlisted Employee Options
Total securities on issue	194,019,235	11,245,710	8,000,000

As of 28 September 2022, there were no equity securities that were subject to restrictions.

C. TWENTY LARGEST QUOTED EQUITY SECURITY HOLDERS

Terragen has only one class of quoted equity securities, being fully paid ordinary shares (ASX: TGH). The names of the twenty largest holders of fully paid ordinary shares, the number of fully paid ordinary shares and the percentage of fully paid ordinary shares on issue as of 28 September 2022 was as follows:

Name	Units	% of Units
CITICORP NOMINEES PTY LIMITED	34,218,533	17.64
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	28,881,017	14.89
STAMINA PTY LTD	6,627,616	3.42
UBS NOMINEES PTY LTD	4,650,000	2.40
CROFTON PARK DEVELOPMENTS PTY LTD	4,557,102	2.35
ACTION ALWAYS PTY LTD	3,547,337	1.83
P M DESMOND PTY LTD	3,195,000	1.65
RUBI HOLDINGS PTY LTD	2,979,450	1.54
EAST MT ADA PTY LTD	2,920,000	1.51
STEPHEN MAHKEN	2,662,500	1.37
MUTUAL TRUST PTY LTD	2,600,002	1.34
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	2,500,000	1.29
BNP PARIBAS NOMINEES PTY LTD	2,439,302	1.26
MILNAR PTY LTD	2,300,000	1.19
MR RODNEY JOHN LOONE & MRS DIANE GAYE LOONE	2,270,000	1.17
MR T JUSTUS HOMBURG	2,263,138	1.17
CROFTON PARK DEVELOPMENTS PTY LTD	2,250,000	1.16
MONTALTO INVESTMENTS PTY LTD	2,000,000	1.03
RIVERSDALE CAPITAL FUNDING PTY LTD	1,852,807	0.95
MS KYLIE LYNETTE NUSKE & MR MATTHEW JAMES COOK	1,845,618	0.95
Total for top twenty holders	**116,559,422**	**60.08**
Balance of register	**77,459,813**	**39.92**
Total	**194,019,235**	**100.00**

D. HOLDERS OF MORE THAN TWENTY PERCENT OF EACH CLASS OF UNQUOTED SECURITIES

Each unlisted option entitles the holder to acquire one fully paid ordinary share subject to the holder paying the exercise price on or before the expiry date.

The names of the holders of more than 20% of each class of options or performance shares, other than under an Employee Incentive Scheme, is set out below:

Holder	Unlisted $0.25 options expiring 11 December 2022	
	Units	% of units
Rubi Holdings Pty Ltd	4,200,000	37.35

E. VOTING RIGHTS

At a general meeting of the Company, every holder of ordinary shares present in person or by proxy, attorney or representative has one vote on a show of hands, and on a poll, one vote for each ordinary share held.

Options do not carry any voting rights.

F. SUBSTANTIAL SHAREHOLDERS

As of 28 September 2022, the names of the substantial shareholders of the Company and the number of equity securities in which those substantial shareholders and their associates have a relevant interest, as disclosed in substantial shareholding notices given to the Company were as follows:

Name	Number held	% of issued capital
Scobie Dickinson Ward	33,345,761	17.19%
One Funds Management Ltd atf Saville Capital Emerging Companies Fund	20,000,000	10.31%
Sam Brougham	15,178,718	7.82%

G. ON-MARKET BUY-BACK

The Company is not currently conducting an on-market buy-back.

H. ON-MARKET BUY-BACK

The Company did not purchase securities on market during the reporting period.

I. USE OF INITIAL PUBLIC OFFERING PROCEEDS

The Company confirms that in the period since its listing on the Australian Stock Exchange on 11 December 2019 it has used its cash and assets in a form readily convertible into cash that it had at the time of its admission to the ASX in a manner consistent with its business objectives as set out in the Prospectus dated 18 October 2019.

CORPORATE DIRECTORY

BOARD OF DIRECTORS

Mr Travis Dillon	*Non-Executive Chairman*
Mr Sam Brougham	*Non-Executive Director*
Ms Ingrid van Dijken	*Non-Executive Director*
Mr Jim Cooper	*Managing Director*

COMPANY SECRETARY

Mr Miles Brennan

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

Unit 6
39 Access Crescent
Coolum Beach QLD 4573

PHONE NUMBER

1 300 837 724

POSTAL ADDRESS

PO Box 5807
Brisbane QLD 4000

WEBSITE

www.terragen.com.au

SHARE REGISTRY

Link Market Services Pty Ltd
Level 12
680 George Street
Sydney NSW 2000

PHONE NUMBER

1 300 554 474

STOCK EXCHANGE

Australian Securities Exchange 20 Bridge Street
Sydney, NSW 2000

ASX CODE

TGH

AUDITORS

Deloitte

www.terragen.com.au