Terragen

Appendix 4E – Preliminary Final Report
under ASX Listing Rule 4.3A

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1. Company Details

Name of entity: Terragen Holdings Limited
ABN: 36 073 892 636
Reporting period: For the year ended 30 June 2025
Previous period: For the year ended 30 June 2024

2. Results for announcement to the market

Key information	30 June 2025	30 June 2024	Change %
Revenue from ordinary operations	1,615,253	2,137,088	(24%)
Loss from ordinary activities after tax attributable to members	(3,723,830)	(3,014,078)	24%
Net Loss for the period attributable to members	(3,722,936)	(3,013,977)	24%

3. Details relating to dividends

There were no dividends paid, recommended, or declared during the reporting period or the previous period.

4. Dividend reinvestment plans

Not applicable.

5. Net tangible assets per share

	30 June 2025 Cents per share	30 June 2024 Cents per share
Net tangible assets per ordinary security	1.13	1.38

6. Details of subsidiaries and associates

The Company did not gain or lose control over any entities during the reporting period.

The Company has no associated entities.

Terragen

7. Audit qualification or review

The consolidated financial statements for the year ended 30 June 2025 on which this report is based, have been audited by SW Accountants and Advisors who have issued an unqualified audit opinion.

8. Other information

Additional Appendix 4E disclosure requirements and further information including commentary on significant features of the operating performance, results of segments and other factors affecting performance for the reporting period are contained in the accompanying consolidated financial statements for the year ended 30 June 2025.

Signed : _____ Date: 26/8/2025

Richard Norton
Managing Director

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Terragen Holdings Limited and Controlled Entity

ABN: 36 073 892 636

Financial report

For the year ended 30 June 2025

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DIRECTORS' 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 2025 (collectively "Group"). To comply with the provisions of the *Corporations Act 2001*, the directors report is as follows.

Directors

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

- Michael Barry – Non-Executive Chair
- Scobie Ward – Non-Executive Director
- Dr Michele Allan AO – Non-Executive Director
- Andrew Guthrie – Non-Executive Director (appointed 8 July 2024)
- Richard Norton – Managing Director and CEO

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 the Company	
		Shares#	Options
Michael Barry *Non-Executive Chair*	Mr Barry has completed a Bachelor of Business from the Queensland University of Technology and a Masters of Business Administration from the University of Queensland. Mr Barry's executive career included 10 years in senior executive roles at Boral Limited, including Regional General Manager for the Western Australian and South Australian Construction Materials operations. Most recently Mr Barry was CEO of MSF Sugar Limited for 13 years up until 2020. Mr Barry is a Director of various unlisted and private Companies. **Other listed directorships in past three years:** Entyr Limited	1,428,572 held directly	5,000,000
Scobie Ward *Non-Executive Director*	Mr Ward has a strong academic background, graduating cum laude with a Bachelor of Arts from Harvard University and is a CFA (Chartered Financial Analyst). Mr Ward has over 30 years of investment management experience focusing on smaller listed companies and was the co-founder and executive Chairman of Ward Ferry Management. Mr Ward was an early investor in Terragen, holding shares in the Company prior to its IPO in 2019. **Other listed directorships in past three years:** Coonridge Investment Limited	174,804,815 held indirectly	Nil

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Name and Position	Qualifications and Experience	Particulars of interests in shares and options of the Company	
		Shares#	Options
Dr Michele Allan AO *Non-Executive Director*	Dr Allan AO has a Bachelor of Applied Science from University Technology Sydney, a Master of Management (Technology) from the University of Melbourne, a Doctor of Business Administration from Royal Melbourne Institute of Technology and a Master of Commercial Law from Deakin University. She is also a Fellow of the Australian Institute of Company Directors. In January 2023, Dr Allan was made an Officer in the Order of Australia for distinguished service to the agricultural, food production and business sectors, and to tertiary education. Michele is currently Chair of SmartSat CRC, Wine Australia, Trusted Autonomous Systems Defence, Charles Sturt University and Corregeo Limited. She is a non-executive director of MJ Chickens. Michele is the appointed independent reviewer of the Intergovernmental Biosecurity Legislation and member of the steering committee for the food Trailblazer at University of Queensland. **Other listed directorships in past three years:** Nil	Nil	3,500,000
Andrew Guthrie *Non-Executive Director* *(Appointed 8 July 2024)*	Mr Guthrie has a Bachelor of Agricultural Science (Hons) from La Trobe University and is a Graduate of the Australian Institute of Company Directors (GAICD). Andrew gained extensive global agricultural experience during his 32-year career with Syngenta - a global market leader in crop protection and seeds. He spent most of his senior leadership years in Asia, as Regional Director for Asia Pacific, before returning to Switzerland to lead Syngenta's multi-billion dollar business in Europe, Africa and the Middle East. Andrew was a member of Syngenta's Global Crop Protection Leadership team. In 2019 Mr Guthrie returned to Australia and is now a Non-executive Company director and mentor. He currently serves on the Boards of Cotton Seed Distributors Ltd and Bio-Gene Technology Ltd. **Other listed directorships in past three years:** Bio-Gene Technology Limited	285,715 held indirectly	3,500,000

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Name and Position	Qualifications and Experience	Particulars of interests in shares and options of the Company	
		Shares#	Options
Richard Norton *Managing Director, Chief Executive Officer*	Mr Norton has a Master of Business Administration from Monash University and is a Graduate of the Australian Institute of Company Directors (GAICD). He has extensive experience in the food processing and agribusiness sector with a specialised focus on commercialisation, having held executive positions in retail, innovation, logistics, marketing and agribusiness for over 30 years. Mr Norton's executive experience includes time as Managing Director of Meat and Livestock Australia (MLA), Managing Director of Landmark Operations and General Manager of Retail at Elders. Richard also has previously held senior positions at Wesfarmers Dalgety, Toll Holdings, Woolworths and Coca Cola Amatil. **Other listed directorships in past three years:** Nil	571,429 held indirectly	10,000,000
Jocelyn West *Chief Operating Officer*	Dr West is a qualified veterinarian and holds a BVetBiol/BVSc from Charles Sturt University and an MBA from Griffith University. Prior to joining Terragen, she worked in clinics, with a focus on mixed and production animal practice for eight years. In 2018, Dr West became Clinic Lead for National Vet Care. Dr West was appointed Chief Operating Officer of Terragen in March 2023, having previously been Terragen's Head of Veterinary Science.	516,566 held directly	7,500,000
Robyn Smith *Chief Financial Officer and Company Secretary* *(Appointed 24 July 2023, resigned 7 July 2024)*	Mrs Smith is a Chartered Accountant (CAANZ) and holds a Bachelor of Commerce (Honours) in Accounting, Financial Management, Auditing and Tax. Robyn joined Terragen in April 2021 as the Company's Financial Controller, prior to which, she provided support to Terragen through the IPO process and as an outsourced Finance Manager. Mrs Smith has over 15 years of expertise as a finance professional for public and private companies across the manufacturing and mining sectors.	40,000 held directly	Nil

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Name and Position	Qualifications and Experience	Particulars of interests in shares and options of the Company	
		Shares#	Options
Matthew Whyte *Chief Financial Officer and Company Secretary* *(Appointed 8 July 2024, resigned 27 August 2025)*	Mr Whyte holds a Graduate Diploma of Applied Finance, is a Chartered Accountant, and holds a Bachelor of Commerce (Honours) from the University of Queensland. Mr Whyte has over a decade of experience as a CFO of public and private businesses and has prior experience with Australian biotechnology companies.	571,429 held directly	Nil
Roger McPherson *Chief Financial Officer and Company Secretary* *(Appointed 11 August 2025)*	Roger has more than 30 years' experience in senior finance roles in a wide variety of industries. His early career included working with a Chartered Accounting practice and two years with the Australian Taxation Office. Prior to joining Terragen, Roger was CFO and Company Secretary for a number of SMEs both listed and unlisted including Bio-Gene Technology Limited, Patrys Limited and eChoice Home Loans. In these roles he was responsible for all financial affairs and corporate administration as well as assisting in investor relations activities. He has over 20 years of biotechnology, agtech and pharmaceutical experience. In addition to his role with Terragen, Roger also provides CFO and Company Secretarial services to other listed and unlisted entities. Roger has a B. Bus (Accounting) - Curtin University, is a member of CPA Australia and a Graduate of the Australian Institute of Company Directors.	Nil	Nil

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

Company Secretary

- Roger McPherson – Company Secretary (appointed 11 August)
- Matthew Whyte – Company Secretary (appointed 8 July 2024, resigned 27 August 2025)
- Robyn Smith – Company Secretary (resigned 7 July 2024)

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 2025, and the numbers of meetings attended by each director were as follows:

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Number of Board meetings held	Board Meetings 6	
	Number of meetings eligible to attend	Number of meetings attended
Michael Barry	6	6
Scobie Ward	6	6
Dr Michele Allan AO	6	6
Richard Norton	6	6
Andrew Guthrie	6	6

During the year, following changes to the Board of Directors, all Directors served as members of the Audit and Risk Committee except the Managing Director. The Committee, consisting of Mike Barry, Scobie Ward, Dr Michele Allan AO (Chair) and Andrew Guthrie, convened once during the reporting period.

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

Number of Audit and Risk Committee meetings held	Meetings 1	
	Number of meetings eligible to attend	Number of meetings attended
Michael Barry	1	1
Scobie Ward	1	1
Dr Michele Allan AO	1	1
Andrew Guthrie	1	1

Principal activities

The Group's principal activities during the financial year were research, development and commercialisation of biological products that enhance animal and plant health for use in agriculture. There were no significant changes in the nature of these activities during the financial year.

Corporate activities

During the year, the Group:

- Made the following Board and Management Changes:
  - Non-Executive Director Andrew Guthrie was appointed on 8 July 2024.
  - Matthew Whyte was appointed as Chief Financial Officer and Company Secretary on 8 July 2024.
  - Following the resignation of Matthew Whyte on 27 August 2025, Roger McPherson was appointed on 11 August 2025 as Chief Financial Officer and Company Secretary.
- During the year, the Group successfully completed a Placement and Entitlement Offer, as announced on 5 December 2024. A total of 91,955,890 fully paid ordinary shares were issued at an offer price of $0.035 per share, raising $3,218,456 in equity before the deduction of capital raising costs. Subsequently, the retail component of the Entitlement Offer was finalised on 23 January 2025, raising an additional $1,539,306 in proceeds (before transaction costs) and resulting in the issuance of 43,980,158 new fully paid ordinary shares.

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- Terragen launched its new dry format product range, Terragen Probiotic for Ruminants™ and Terragen Probiotic Ultra for Ruminants™ on the 25th of March 2025 in line with previously stated timeframes. The new products targeted at feedlots are selling online and through leading agri-retailers across Australia, supported by extensive advertising and marketing campaigns, industry event participation and Terragen Veterinarians and product managers. The product development process for the new products commenced over 18 months ago and was multi-faceted including prototype development, dose rate optimisation, formulation revision, stability and compatibility testing and in field trials in preparation for product launch.

Operating and financial review

Review of financial results

The Group reported a loss after tax for the year of $3,723,830 (2024: loss of $3,014,078). The significant items affecting the operating result were:

- Revenues of $1,615,253 (2024: $2,137,088), primarily from sales of Mylo® and Great Land Plus®. The revenue decline from the prior year reflects the impact of challenging environmental conditions, particularly drought in key target markets. On 25 March 2025, Terragen commercialised its R&D program for dry Mylo® with sales of dry probiotic products for ruminants: Terragen Probiotic for Ruminants ™ (TPR) and Terragen Probiotic Ultra for Ruminants™ (Ultra). With the introduction of its dry product range, the Company has begun to pivot sales into the lamb and beef sectors, with initial sales already achieved. To further broaden its product pipeline and assist to mitigate seasonal revenue fluctuations, Terragen is also developing a canine probiotic with research trials near completion. These initiatives support the Company's long-term growth strategy and global commercialisation objectives.

- Income tax benefit of $908,201 (2024: $869,365) comprising the accrued research and development tax benefit in relation to research expenditure incurred by the Group during the year.

- Operating expenses for the year were $6,427,844 (2024: $6,134,848), representing an increase of 4.8% compared to the prior year. Key movements included:
  - Sales and marketing expenses: $1,683,358 (2024: $1,482,410), an increase reflecting additional investment in marketing and related activities to support the launch of our new dry probiotic products and expansion into lamb and beef markets.
  - Research expenses: $1,054,997 (2024: $1,599,799), a reduction following the completion and commercialisation of dry probiotic R&D programs during the year and therefore capitalisation of related costs.
  - Share-based payment expenses: $577,559 (2024: nil), due to the issue of non-cash share options to employees and Directors during the year.

  The Group continues to focus on disciplined cost management while making targeted investments in strategic projects to support sustainable long-term growth.

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Review of financial position

- Net cash flows used in operating activities increased by 30.5% to $(3,030,400) (2024: $(2,321,406)). The key driver of the increase was payments made to procure bulk raw materials used in our new dry probiotic products, in advance of product sales.

- Issued capital of $51,302,054 (2024: $46,903,663) following the completion of a share placement and entitlement offer during the year, raising gross proceeds of $4,757,762. These capital raising activities have strengthened the Group's balance sheet and provided funding for its ongoing operations and growth initiatives.

- Terragen Group's net assets have increased from $5,316,251 to $6,569,265 which is consistent with and largely attributable to the capital raising activities and the current year's loss after tax.

- Financial liabilities primarily relate to lease obligations for the Group's rental premises, company motor vehicle hire purchase arrangements and annual insurance premium funding to support operational requirements.

Review of operations

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

Currently, the Terragen product range includes animal probiotics (MYLO® and Terragen Probiotic for Ruminants™) and a plant bio-stimulant (Great Land Plus®). MYLO® (liquid format) and Terragen Probiotic for Ruminants™ (dry format) are animal feed supplement probiotics that increase average daily weight gain and reduce methane production. Great Land Plus® is a plant bio-stimulant targeted for use in cropping that reduces reliance on chemical-based fertilisers, decreasing scope emissions. Great Land Plus® also increases crop yields and soil organic carbon levels.

The year ended 30 June 2025 was primarily focused on activities to support the launch of the new dry format animal probiotic range (Terragen Probiotic for Ruminants™ and Terragen Probiotic *Ultra* for Ruminants™) which was achieved on 25 March 2025. Importantly, this new product range allows us to enter a new segment of the livestock market, being beef and lamb feedlots. In this regard, we are currently in advanced discussions with several major feedlots regarding the use of our products in their feeding systems.

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.

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Risk	Description	Mitigation
Ownership and protection of intellectual property	Terragen's business model depends on its ability to commercially exploit its intellectual property (IP). Terragen relies on laws relating to trade secrets, copyright and trademarks to assist in protecting its proprietary rights. There is a risk that unauthorised use or copying of intellectual property, business data or secure documentation (electronic laboratory books) will occur. A breach of Terragen's intellectual property may result in the need to commence legal action, which could be costly and time consuming. A failure or inability to protect the Company's intellectual property rights could have an adverse impact on operating and financial performance.	Terragen's use of microbes are protected by patents across Australia, New Zealand, US and Europe. Terragen ensures that its IP is protected when entering into any agreements with 3rd parties such as research institutions or distributors.
Loss of key personnel	The successful operation of Terragen in part relies on the Company's ability to attract and retain experienced and high performing personnel. The loss of any key members of management or other personnel, or the inability to attract additional skilled individuals to key projects or roles, may adversely affect Terragen's ability to develop and implement its business strategies.	Terragen operates in a manner conducive to retain high performing personnel. In particular, this includes flexible workplace arrangements, and cross functional training and development experiences.
Risk of delay and continuity of operations	The potential for delay of any of Terragen's key projects presents a number of risks (including potential cost overruns and impacts of delays on the conclusion of commercial partnerships). Delays may be caused by various factors, including delays in obtaining regulatory approvals, delays in scientific studies, and delays in completing successful field trials.	Strategic planning is fundamental to Terragen's business model. This identifies the process steps and allows management to develop options as required.

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Risk	Description	Mitigation
Regulatory approvals	Terragen's target markets for its products are emerging, and as such the regulatory environment is constantly changing. There is also a possibility that Terragen may become subject to additional legal or regulatory requirements if its business operations, strategy or geographic reach expand in the future or if there is a change in applicable law or regulation.	Terragen engages appropriate expert advice when entering into new business areas. This approach will continue in the future, whenever Terragen seeks to enter into new jurisdictions with existing or new products.
Failure to realise benefits from product research and development	The development and commercialisation of products is expensive and often involves an extended period to achieve return on investment. A critical aspect of Terragen's business model is to continually invest in innovative research and product development opportunities. Terragen may not realise benefits from these investments for several years. The Company makes assumptions about the expected future benefits generated by investment in product research and development and the expected timeframe in which the benefits will be realised. These assumptions are subject to change and involve both known risks and risks that are beyond the Company's control. Any change to the assumptions the Company has made about certain product development may have an adverse impact on the Company's ability to realise a benefit from investment in the development of that product.	Terragen tracks its progress as a matter of course. As new knowledge arises, management will adjust its business plans to maintain an appropriate path to commercial success.

Risk	Description	Mitigation
Product risks and liability	Terragen currently manufactures Great Land Plus® and Mylo® in a liquid form and Terragen Probiotic for Ruminants™ in a dry form on a commercial scale. However, there is no assurance that unforeseen adverse events or manufacturing defects will not arise, which could have significant impacts for Terragen's corporate and brand reputations, as well as having regulatory implications.	Terragen operates in accordance with current Good Manufacturing Practices (GMP), prescribed by the Australian Pesticides and Veterinary Medicines Authority (APVMA) and other regulatory authorities. It also operates a strong Quality Assurance framework, including use of retention samples.
Arrangements with third party collaborators	Terragen may pursue collaborative arrangements with life science companies, academic institutions or other partners to complete the development and commercialisation of the Terragen products. However, there is no assurance that Terragen will attract and retain appropriate strategic partners or that any such collaborations will result in commercial grade outcomes. There is a risk that third party collaborators may seek commercial exploitation of Terragen's intellectual property that has been shared under any collaboration arrangement, such as in the form of copycat products.	Terragen engages with appropriate expert advice when entering into new arrangements. Through written agreements, Terragen protects its IP and associated trade secrets, and restricts third parties through undertakings of confidentiality.

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Risk	Description	Mitigation
Market acceptance and competitor risk	Terragen believes that there is a growing demand for non-chemical products that enable farmers to pursue sustainable agricultural practices. The demand for such products can be significantly impacted by changes in the regulatory and industry economic environment. Whilst the market for such products is relatively new, and demand is developing, there is a risk that there will be new entrants into the market and the risk of existing competitors introducing new products or technologies. Competition in the market has the potential to disrupt Terragen's business and market share. There may be aggressive, fast-moving, early stage, start-up companies developing products that are comparable or competing products with properties that are similar to one or more of the properties of the Terragen equivalent.	Terragen considers it has a competitive advantage in being one of the first in the market to provide a new approach to the development of natural live microbial products. Terragen also supports its early-mover advantage with a level of investment in research that distinguishes itself from the competitive set of biological products.
Uncertainty of future revenue and profitability	Terragen's long term viability is contingent on, amongst other things, the Company's ability to enter into appropriate licensing or distribution arrangements that deliver the requisite revenues to cover the Company's ongoing costs, including the ongoing research into next generation products. Future revenues could be impacted by general economic conditions, market demand, competitor activity and the results of further studies and field trials.	Terragen's products are targeted towards a large global market opportunity and are well positioned to increase market share given the growing market trend towards sustainability, organic products and environmentally friendly solutions.
Sufficiency of funding and additional requirements for capital	There is a risk that the costs of research and development may be higher than anticipated or increase as a result of unforeseen circumstances (which may include circumstances related to other key risk factors set out in this section).	As a business that is still in the IP building phase of its development, management undertakes continuous assessment to allocate available funds to projects or activities that are identified as delivering the best return on investment.

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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.	Terragen has in place a framework for managing these risks. Information on how Terragen manages financial risks is included in note 25 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. Failure to mitigate these risks could impact on Terragen's corporate reputation, and adversely impact delivery of Terragen's strategy, through a failure in customer service.	Terragen has a comprehensive range of controls and strategies in place to manage such risks, including operational processes to Good Manufacturing Practises (GMP) standards, inventory management processes and business continuity plans.
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

	2025	2024
Basic and diluted loss per share (cents)	(0.85)	(0.87)

Likely developments and expected results of operations
Terragen intends to continue investment into research on biological product application in agriculture. This research is intended to provide the scientific basis for a new generation of sustainable agricultural products for both animal and plant applications.

Events since the end of the financial year
Following the resignation of Matthew Whyte on 27 August 2025, Roger McPherson was appointed Chief Financial Officer and Company Secretary on 11 August 2025. Other than the above, there has been no event or circumstance that has arisen since the end of the financial year that has significantly affected, or may significantly affect, the Group's operations, the results of those operations, or the Group's state of affairs in future financial periods.

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	Number of Options
Tranche 13	04/12/2020	04/12/2025	$0.25	1,000,000
Tranche 14	04/12/2020	04/12/2025	$0.50	2,000,000
Tranche 15	04/12/2020	04/12/2025	$1.00	5,000,000
Various (2025 Employee & Director Plan)	04/10/2024 & 07/11/2024	29/11/2029	$0.025–$0.110	47,000,000
Incentive				**55,000,000**

The 2025 Employee Incentive Plan (EIP) options include all options granted on 4 October 2024 and 7 November 2024, covering a range of exercise prices and vesting dates, expiring 29 November 2029.

All options are unexercised and remain on issue at the date of this report. 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 no shares were issued as a result of the exercise of options.

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Remuneration Report (Audited)

This remuneration report, which forms part of the Directors' Report, sets out information about the remuneration of Terragen's key management personnel for the financial year ended 30 June 2025. The term 'key management personnel' refers to those persons having authority and responsibility for planning, directing, and controlling the activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the Group. 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
- Loans to key management personnel.

a) Key management personnel

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

Non-executive directors	**Position**
Michael Barry	Chair
Scobie Ward	Non-Executive Director
Dr Michele Allan AO	Non-Executive Director
Andrew Guthrie	Non-Executive Director (appointed 8 July 2024)

Executive Directors	**Position**
Richard Norton	Managing Director and CEO

Other Key Management Personnel	**Position**
Jocelyn West	Chief Operating Officer
Robyn Smith	Chief Financial Officer and Company Secretary (resigned 7 July 2024)
Matthew Whyte	Chief Financial Officer and Company Secretary (appointed 8 July 2024 and resigned 27 August 2025)
Roger McPherson	Chief Financial Officer and Company Secretary (appointed 11 August 2025)

Except as noted, the named persons held their current position for the whole of the financial year. Refer to Note 22 Related Party Transactions for further information.

b) Remuneration policy

The Board of Terragen is responsible for determining and reviewing compensation arrangements for the non-executive directors and the executives. 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 compensation 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 $83,625, all other non-executive directors receive an annual fee of $60,000. 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. During the year ended 30 June 2025, selective directors chose to waive their director fees.

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.

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.

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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)
2025	1,373,568	(0.85)	-	1.9
2024	911,945	(0.87)	-	1.3
2023	1,001,966	(1.57)	-	2.4
2022	1,111,142	(2.80)	-	15.5
2021	2,500,558	(3.23)	-	28.0

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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:

Richard Norton, Managing Director and Chief Executive Officer

- Base Remuneration – $257,500 per annum, plus superannuation contributions, on a fulltime basis, subject to annual increases at the discretion of the Board of Directors.
- Provision of company motor vehicle.
- Termination – By four months' notice from either party.
- Incentive benefits – Entitled to participate in the Terragen Employee Incentive Plan subject to the usual Board and Shareholder approvals.

Jocelyn West, Chief Operating Officer

- Base Remuneration – $195,700 per annum plus superannuation contributions, on a fulltime basis, subject to annual increases at the discretion of the Board of Directors.
- Termination – By one month's notice from either party.
- Incentive benefits – Entitled to participate in the Terragen Employee Incentive Plan subject to the usual Board and Shareholder approvals.

Matthew Whyte, Chief Financial Officer and *Company Secretary (Appointed 8 July 2024 and resigned 27 August 2025)*

- Base Remuneration – $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 month's notice from either party.
- Incentive benefits – Entitled to participate in the Terragen Employee Incentive Plan subject to the usual Board and Shareholder approvals.

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2025	Cash and salary fees	Super-annuation	Employee entitle-ments [e]	Share-based payments	Other	Total remunera-tion	Proportion of remuneration that is performance based
	$	$			$	$	%
Non-Executive Directors							
Michael Barry	75,000	8,625	-	59,840	-	143,465	0%
Scobie Ward [a]	-	-	-	-	-	-	0%
Andrew Guthrie [b]	52,837	6,076		41,888		100,801	0%
Dr Michele Allan AO	53,812	6,188	-	41,888	-	101,888	0%
Total Non-Executive Directors	**181,649**	**20,889**	**-**	**143,615**	**-**	**346,154**	**0%**
Executive Directors							
Richard Norton	257,500	29,613	10,152	119,680	-	416,944	0%
Total Executive Directors	**257,500**	**29,613**	**10,152**	**119,680**	**-**	**416,944**	**0%**
Other Key Management Personnel							
Jocelyn West	195,700	22,506	9,843	93,791	-	321,840	0%
Matthew Whyte [d]	214,319	24,647	11,161	-	-	250,127	0%
Robyn Smith [c]	17,727	2,039	18,737	-	-	38,503	0%
Total Key Management Personnel	**427,746**	**49,192**	**39,741**	**93,791**	**-**	**610,470**	**0%**
Total Director and KMP Compensation	**866,895**	**99,694**	**49,893**	**357,086**	**-**	**1,373,568**	**0%**

[a] Director elected to waive their entitlement to be paid directors fees.
[b] Appointed 8 July 2024.
[c] Resigned 7 July 2024.
[d] Appointed 8 July 2024. Resigned 27 August 2025.
[e] Reflects annual and long service leave movements during the year.

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2024	Cash and salary fees	Super-annuation	Employee entitle-ments [f]	Share-based payments	Other	Total remunera-tion	Proportion of remuneration that is performance based
	$	$	$	$	$	$	%
Non-Executive Directors							
Michael Barry	75,000	8,250	-	-	-	83,250	0%
Sam Brougham [a]	-	-	-	-	-	-	0%
Scobie Ward [a]	-	-	-	-	-	-	0%
Ingrid van Dijken [a]	-	-	-	-	-	-	0%
Dr Michele Allan AO [b]	32,555	3,581	-	-	-	36,136	0%
Richard Norton [c]	7,508	826	-	-	-	8,334	0%
Total Non-Executive Directors	**115,063**	**12,657**	**-**	**-**	**-**	**127,720**	**0%**
Executive Directors							
Miles Brennan [d]	229,167	20,600	3,550	-	-	253,317	0%
Richard Norton [c]	104,167	11,458	8,152	-	-	123,777	0%
Total Executive Directors	**333,334**	**32,058**	**11,702**	**-**	**-**	**377,094**	**0%**
Other Key Management Personnel				-	-		
Jocelyn West	190,000	20,900	6,378	-	-	217,278	0%
Robyn Smith [e]	165,300	18,183	6,370	-	-	189,853	0%
Total Key Management Personnel	**355,300**	**39,083**	**12,748**	-	-	**407,131**	**0%**
Total Director and KMP Compensation	**803,697**	**83,798**	**24,450**	**-**	**-**	**911,945**	**0%**

[a] Directors elected to waive their entitlement to be paid directors fees.
[b] Appointed 24 November 2023.
[c] Richard Norton was appointed as a Non-Executive Director 12 December 2023. Subsequently, on 1 February 2024 he was appointed Managing Director and CEO.
[d] Resigned 31 January 2024.
[e] Appointed Chief Financial Officer and Company Secretary on 24 July 2023; resigned on 7 July 2024.
[f] Reflects annual and long service leave movements during the year.

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Share-based compensation
On 16 November 2022, Terragen established an 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;
- a contractor or consultant who provides services to a Group Company.

In selecting Eligible Employees to apply for, or otherwise receive incentives, the Board will have regard to:

- the position in the Group held or to be held by the Eligible Employee;
- the Eligible Employee's length of service with the Group;
- the contribution made by the Eligible Employee to the Group;
- the potential contribution to be made by the Eligible Employee to the 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.

Options Granted During the Financial Year

During the financial year ended 30 June 2025, the Company granted 54,500,000 unlisted options to Directors and select Employees (other than Directors) under the Employee Incentive Plan. The options have exercise prices ranging from $0.025 to $0.110 and expire on 29 November 2029. All options were issued as part of Director and employee remuneration.

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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, the likelihood of options vesting 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.

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

Unlisted option holdings

During the year, the following unlisted options over ordinary shares were issued to Directors and KMP. All options remain unexercised and are subject to the terms of their respective grants.

2025 Name	Balance at start of year	Granted as remuneratio n	Lapsed	Held at time of ceasing to be KMP	Balance at end of year	Vested and exercisable
Michael Barry	-	5,000,000	-	-	5,000,000	500,000
Jocelyn West	-	7,500,000	-	-	7,500,000	750,000
Scobie Ward	-	-	-	-	-	-
Richard Norton	-	10,000,000	-	-	10,000,000	1,000,000
Michele Allan	-	3,500,000	-	-	3,500,000	350,000
Andrew Guthrie	-	3,500,000	-	-	3,500,000	350,000
Matthew Whyte	-	7,500,000	(7,500,000)	-	0	0
Total	**-**	**37,000,000**	**(7,500,000)**	**-**	**29,500,000**	**2,950,000**

No options over ordinary shares in the Group were issued to or held by Directors or key management persons of the Group during the financial year ended 30 June 2024.

Share holdings
The number of shares in the Group held during the financial year by each director of Terragen 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 (2024: nil).

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2025	Balance at start of year	Shares held on appointment as KMP	Acquisitions during the year	Options converted	Shares held on ceasing to be KMP	Balance at the end of the year
Michael Barry	-	-	1,428,572	-	-	1,428,572
Scobie Ward	122,930,971	-	51,873,844	-	-	174,804,815
Dr Michele Allan AO	-	-	-	-	-	-
Andrew Guthrie	-	-	285,715	-	-	285,715
Richard Norton	-	-	571,429	-	-	571,429
Jocelyn West	516,566	-	-	-	-	516,566
Robyn Smith	40,000	-	-	-	(40,000)	-
Matthew Whyte	-	-	571,429	-	-	571,429
	123,487,537	**-**	**54,730,989**	**-**	**(40,000)**	**178,178,526**

2024	Balance at start of year	Shares held on appointment as KMP	Acquisitions during the year	Options converted	Shares held on ceasing to be KMP	Balance at the end of the year
Michael Barry	-	-	-	-	-	-
Sam Brougham	15,178,718	-	8,333,340	-	(23,512,058)	-
Scobie Ward	-	122,930,971	-	-	-	122,930,971
Ingrid van Dijken	970,000	-	-	-	(970,000)	-
Miles Brennan	-	-	40,000	-	(40,000)	-
Jocelyn West	99,900	-	416,666	-	-	516,566
Robyn Smith	-	-	40,000	-	-	40,000
	16,248,618	**122,930,971**	**8,830,006**	**-**	**(24,552,058)**	**123,487,537**

e) Loans to key management personnel

There were no loans to key management personnel at any time during the financial year.

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 $102,136 (2024: $82,469).

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*.

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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 27 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 27 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 Independence Standards)*, 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, SW Audit, for audit services provided during the year are set out in Note 27 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.

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

Richard Norton
Managing Director
Date 26/8/2025

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SW
Accountants & Advisors

90 YEARS
1935-2025

Take the lead

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE *CORPORATIONS ACT 2001* TO THE DIRECTORS OF TERRAGEN HOLDINGS LIMITED

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As lead auditor, I declare that, to the best of my knowledge and belief, during the year ended 30 June 2025 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit, and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

SW

SW Audit
Chartered Accountants

Tom Mullarkey

Tom Mullarkey
Partner

Melbourne, 26 August 2025

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TERRAGEN HOLDINGS LIMITED AND CONTROLLED ENTITY
ABN: 36 073 892 636

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2025

	Note	2025 $	2024 $
Revenue	3	1,615,253	2,137,088
Cost of sales		(823,021)	(767,898)
Gross profit		**792,232**	**1,369,190**
Other income	4	180,560	114,326
Gross profit and other income		**972,792**	**1,483,516**
Expenses			
Sales and marketing expenses		(1,683,358)	(1,482,410)
Research and development expenses	6	(1,054,997)	(1,599,799)
Administrative and other expenses		(2,256,508)	(2,256,107)
Share-based payments	19	(577,559)	-
Finance costs	6	(32,401)	(28,634)
Loss before income tax		**(4,632,031)**	**(3,883,434)**
Income tax benefit	10	908,201	869,356
Loss for the year after income tax benefit		**(3,723,830)**	**(3,014,078)**
Other comprehensive income net of tax			
Items that may be reclassified subsequently to profit or loss:			
Translation of foreign operations		894	101
Total comprehensive deficit for the year		**(3,722,936)**	**(3,013,977)**
Basic and diluted loss per share (cents per share)	7	(0.85)	(0.87)

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The accompanying notes form part of these financial statements.

TERRAGEN HOLDINGS LIMITED AND CONTROLLED ENTITY
ABN: 36 073 892 636

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2025

	Note	2025 $	2024 $
Current assets			
Cash and cash equivalents	20	4,701,017	4,543,013
Trade and other receivables	8	146,131	189,933
Inventories	9	495,865	188,009
Current tax assets	10	802,667	869,192
Other assets	14	280,381	266,509
Total current assets		6,426,061	6,056,656
Non-current assets			
Intangible assets	11	886,705	233,941
Right of use assets	12	164,126	391,846
Plant and equipment	13	639,799	263,091
Other assets	14	-	1,600
Total non-current assets		1,690,630	890,478
Total assets		8,116,691	6,947,134
Current liabilities			
Trade and other payables	15	548,928	832,568
Lease liabilities	12	141,247	170,336
Employee provisions	16	235,361	223,806
Other financial liabilities	17	276,993	147,738
Total current liabilities		1,202,529	1,374,448
Non-current liabilities			
Lease liabilities	12	24,364	224,153
Employee provisions	16	27,690	32,282
Other financial liabilities	17	292,843	-
Total non-current liabilities		344,897	256,435
Total liabilities		1,547,426	1,630,883
Net assets		6,569,265	5,316,251
Equity			
Issued capital	18	51,302,054	46,903,663
Reserves	19	2,259,295	1,680,842
Accumulated losses		(46,992,084)	(43,268,254)
Total equity		6,569,265	5,316,251

The accompanying notes form part of these financial statements.

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TERRAGEN HOLDINGS LIMITED AND CONTROLLED ENTITY
ABN: 36 073 892 636

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2025

	Note	Issued capital $	Reserves $	Accumulated losses $	Total equity $
Balance as at 1 July 2023		**43,649,618**	**1,680,741**	**(40,254,176)**	**5,076,183**
Loss for the year		-	-	(3,014,078)	(3,014,078)
Translation of foreign operations		-	101	-	101
Total comprehensive deficit for the year		**-**	**101**	**(3,014,078)**	**(3,013,977)**
Transactions with owners in their capacity as owners:					
Issue of share capital	18	3,503,017	-	-	3,503,017
Capital raising costs	18	(248,972)	-	-	(248,972)
Balance as at 30 June 2024		**46,903,663**	**1,680,842**	**(43,268,254)**	**5,316,251**
Balance as at 1 July 2024		**46,903,663**	**1,680,842**	**(43,268,254)**	**5,316,251**
Loss for the year		-	-	(3,723,830)	(3,723,830)
Translation of foreign operations		-	894	-	894
Total comprehensive deficit for the year		**-**	**894**	**(3,723,830)**	**(3,722,936)**
Transactions with owners in their capacity as owners:					
Issue of share capital	18	4,757,762	-	-	4,757,762
Capital raising costs	18	(359,371)	-	-	(359,371)
Share based payments expensed	19	-	577,559	-	577,559
Balance as at 30 June 2025		**51,302,054**	**2,259,295**	**(46,992,084)**	**6,569,265**

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The accompanying notes form part of these financial statements.

TERRAGEN HOLDINGS LIMITED AND CONTROLLED ENTITY
ABN: 36 073 892 636

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2025

	Note	2025 $	2024 $
Cash flow from operating activities			
Receipts from customers		1,527,086	1,829,629
Payments to suppliers and employees		(5,696,573)	(4,968,723)
Interest received		179,366	106,780
Interest and other costs of finance paid		(15,005)	(27,840)
Research and development tax concessions received	10	974,726	738,748
Net cash used in operating activities	20(b)	(3,030,400)	(2,321,406)
Cash flow from investing activities			
Payments for plant and equipment		(4,000)	(24,053)
Payments for intangible assets		(678,428)	(108,877)
Net cash used in investing activities		(682,428)	(132,930)
Cash flow from financing activities			
Proceeds from issue of shares	18	4,757,762	3,503,017
Cost of issuing equity securities	18	(359,371)	(248,972)
Repayment of other financial liabilities		(299,799)	(225,318)
Repayment of lease liabilities		(228,878)	(205,834)
Net cash provided by financing activities		3,869,714	2,822,893
Reconciliation of cash			
Cash and cash equivalents at beginning of the financial year		4,543,013	4,174,116
Net increase in cash and cash equivalents		156,886	368,557
Foreign exchange differences on cash holdings		1,118	340
Cash at end of financial year	20(a)	4,701,017	4,543,013

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The accompanying notes form part of these financial statements.

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NOTE 1: INTRODUCTION

The financial report covers Terragen Holdings Limited (the "Company" or "Terragen") and the entity it controlled for the year ended 30 June 2025 (collectively "Group"). For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity.

The Company 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 commercialisation of biological products.

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

NOTE 2: BASIS OF PREPARATION

General information

The financial report is a general purpose financial report that has been prepared in accordance with the *Corporations Act 2001* and Australian Accounting Standards, Interpretations and other applicable authoritative pronouncements of the Australian Accounting Standards Board.

Compliance with International Financial Reporting Standards

The financial report also complies with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

Historical Cost Convention

The financial report has been prepared under the historical cost convention unless stated otherwise.

Going Concern

The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The group incurred a loss for the year after income tax benefit of $3,723,830 (2024: $3,014,078) and net operating cash outflows of $3,030,400 (2024: $2,321,406) during the year ended 30 June 2025. The directors have prepared the financial statements on a going concern basis for the following reasons:

- Cash flow forecasts demonstrating sufficient cash through the period to 31 August 2026
- The adaptation of management's sales strategy, including the focus on strengthening relationships with feedlots to encourage commitment to buy.
- Issuing share options to facilitate extension of the Company's cash runway.
- Receipts from the Federal Government R&D tax incentive program continue on the basis that the Group continues to qualify for these receipts 2025: $802,667 (2024: $869,192).
- A history of successful capital raisings.

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NOTE 2: BASIS OF PREPARATION (CONTINUED)

Notwithstanding the above, the Group is dependant on generating sufficient sales to meet the ongoing operational funding requirements of the business. As such there is a material uncertainty that may cast significant doubt on whether the company will be able to continue as a going concern, and therefore whether it will realise its assets and settle its liabilities and commitments in the normal course of business and at the amounts stated in the financial report.

The financial statements do not include any adjustments relating to the recoverability or classification of recorded asset amounts or to the amounts or classifications of liabilities that might be necessary should the Company not be able to continue as a going concern.

New and revised accounting standards effective at 30 June 2025

The Group has adopted all the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for an accounting period that begins on or after 1 July 2024. Set out below are the new and revised Standards and amendments thereof and Interpretations effective for the current year that are relevant to the Group:

AASB 2022-6: Amendments to Australian Accounting Standards - Non-current Liabilities with Covenants

AASB 2022-6 amends AASB 101 *Presentation of Financial Statements* to improve the information an entity provides in its financial statements about liabilities arising from loan arrangements for which the entity's right to defer settlement of those liabilities for at least twelve months after the reporting period is subject to the entity complying with conditions specified in the loan arrangement.

Practice Statement 2 *Making Materiality Judgements* is also amended regarding assessing whether information about covenants is material for disclosure.

The application of AASB 2022-6 did not have a material impact on the group's financial statements. Disclosures about covenants the Group is required to comply with are provided in Note 17.

AASB 2023-1: Amendments to Australian Accounting Standards - Supplier Finance Arrangements

AASB 2023-1 amends AASB 107 *Statement of Cash Flows* and AASB 7 *Financial Instruments: Disclosures* to require an entity to provide additional disclosures about its supplier finance arrangements. The additional information will enable users of financial statements to assess how supplier finance arrangements affect an entity's liabilities, cash flows and exposure to liquidity risk.

The application of AASB 2023-1 did not have a material impact on the group's financial statements.

Statement of material accounting policies

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

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NOTE 2: BASIS OF PREPARATION (CONTINUED)

(a) 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.

(b) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 30 June each year.

Control is achieved when the Company:

- Has the power over the investee
- Is exposed, or has rights, to variable returns from its involvement with the investee, and
- Has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group’s accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

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NOTE 2: BASIS OF PREPARATION (CONTINUED)

(c) 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.

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NOTE 2: BASIS OF PREPARATION (CONTINUED)

(d) Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies 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.

Key sources of accounting judgements

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

Judgements

i. Capitalised development costs – refer to *Note 11 Intangible Assets*

ii. Share based payments - refer to *Note 21 Share based payments*

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 – refer to *Note 10 Income Tax Expense*

ii. Recoverability of deferred tax asset – refer to *Note 10 Income Tax Expense*

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.

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NOTE 2: BASIS OF PREPARATION (CONTINUED)

(e) Change in Presentation of Statement of Profit or Loss

During the year ended 30 June 2025, the Group changed the presentation of its statement of profit or loss from a classification of expenses by nature to a classification by function. The change was made to provide more relevant and reliable information to users of the financial statements by better reflecting the way in which management monitors and evaluates the Group's performance. In accordance with AASB 101 *Presentation of Financial Statements* paragraph 41, the comparative information for the year ended 30 June 2024 has been reclassified to conform to the new presentation. The reclassification has not impacted the measurement of profit or loss or net assets of the Group.

(f) Plant and equipment

Material Accounting Policies

Each class of 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 seperate asset, as appropriate, only when it is probable that future economin benefits associated with the flow to the company 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 are depreciated over their estimated useful lives to the company commencing from the time the asset is first held ready for use.

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

Class of fixed asset	Depreciation rates	Depreciation basis
Leasehold improvements	10-33%	Straight line
Plant and equipment	10-40%	Straight line
Motor vehicles	12.5%	Straight line
Office equipment	10-30%	Straight line
Research equipment	10-33%	Straight line

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	2025 $	2024 $
NOTE 3: REVENUE CATEGORY CUSTOMERS		
Sales by product category at a point in time:		
- Animal probiotics	1,349,371	1,714,571
- Plant bio-stimulants	265,882	422,517
	1,615,253	2,137,088

Material accounting policy

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*.

NOTE 4: OTHER INCOME		
Other Income		
Interest received	180,560	114,326

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.

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NOTE 5: 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 Officer (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 recognised 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 2025 and 30 June 2024, respectively.

	Australia $	New Zealand $	Total $
a) Segment performance			
30 June 2025			
Total segment revenue	1,598,617	16,636	**1,615,253**
Segment other income	180,560	-	**180,560**
Segment expenditure	(6,179,474)	4,484	**(6,174,990)**
Segment depreciation and amortisation	(253,845)	991	**(252,854)**
Segment result	(4,654,142)	22,111	**(4,632,031)**

The Group's income tax benefit of $908,201 (2024: $869,356) relates to the Australian segment.

Major customers
Included in revenues arising from the Australian segment, are the following customers where greater than 10% of revenues are generated.
Customer A - $375,454
Customer B - $274,050
Customer C - $133,850

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

	Australia $	New Zealand $	Total $
30 June 2024			
Total segment revenue	2,086,092	50,996	**2,137,088**
Segment other income	113,494	832	**114,326**
Segment expenditure	(5,671,686)	(106,497)	**(5,778,183)**
Segment depreciation and amortisation	(354,549)	(2,116)	**(356,665)**
Segment result	(3,826,649)	(56,785)	**(3,883,434)**

(b) Segment assets

The following tables present assets, liabilities, and other segment information for the Group's operating segments as at 30 June 2025 and 30 June 2024, respectively.

30 June 2025			
Segment assets	8,035,832	80,859	**8,116,691**
30 June 2024			
Segment assets	6,888,034	59,100	**6,947,134**

(c) Other segment information

30 June 2025			
Additions to non-current assets	1,126,330	-	**1,126,330**
30 June 2024			
Additions to non-current assets	95,671	-	**95,671**

Additions include right-of-use assets, plant and equipment and intangible assets.

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		2025 $	2024 $
NOTE 6: EXPENSES DISCLOSURE ITEMS			
1. Research and development expenses			
Direct research		406,182	408,584
Employee benefits		415,490	869,607
Depreciation and amortisation		93,482	124,362
Other Expenses		139,843	197,246
Total research and development expenses		1,054,997	1,599,799
2. Depreciation and amortisation			
Amortisation of right-of-use assets	12	155,996	186,049
Depreciation of plant and equipment	13	71,194	142,014
Amortisation of intangible assets	11	25,664	28,602
Total depreciation and amortisation		252,854	356,665
Depreciation and amortisation by function as disclosed in Profit & Loss			
Cost of sales		84,596	137,504
Sales and marketing expenses		37,239	59,698
Research and development expenses		93,482	124,362
Administration and other expenses		37,537	35,101
Total depreciation and amortisation		252,854	356,665
3. Employee benefits			
Salary and wages		2,436,489	2,573,264
Post-employment benefits		292,641	272,255
Termination benefits		184,150	184,149
Employee on-costs		142,956	101,536
Total employee benefits		3,056,236	3,131,204
		-	-
Employee benfits by function as disclosed in the Profit & Loss		-	-
Cost of sales		490,740	428,753
Sales and marketing expenses		624,397	455,334
Research and development expenses		415,490	869,607
Administration and other expenses		1,525,609	1,377,510
Total employee benefits		3,056,236	3,131,204
4. Finance costs			
Interest on lease liabilities		14,254	17,379
Other finance costs		18,147	11,255
Total finance costs		32,401	28,634

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NOTE 7: 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:

	2025 $	2024 $
Loss attributable to the owners of the Group	(3,723,830)	(3,014,078)

	2025 No. of shares	2024 No. of shares
Weighted average number of shares used in basic loss per share	438,444,003	345,240,129
Weighted average number of shares used in diluted loss per share (i)	438,444,003	345,240,129

(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 2025 and the prior year.

Material Accounting Policy

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.

NOTE 8: TRADE AND OTHER RECEIVABLES

	2025 $	2024 $
CURRENT		
Trade receivables	108,877	200,610
Allowance for credit losses	(7,128)	(25,567)
	101,749	175,043
Other receivables	44,382	14,890
	146,131	189,933

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NOTE 8: TRADE AND OTHER RECEIVABLES (CONTINUED)

Risk profile of receivables from customers

The average credit period on sales of goods is 42 days (2024: 32 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 ageing of the Group's trade receivables at 30 June 2025 and 30 June 2024 was:

	12-month expected credit losses					
		Days past due				
	Not past due	1-30	31-150	151-180	> 180	Total
	$	$	$	$	$	$
2025						
Estimated total gross carrying amount at default	70,751	36,011	2,115	-	-	108,877
2024						
Estimated total gross carrying amount at default	175,552	20,438	4,620	-	-	200,610

NOTE 9: INVENTORIES

CURRENT		
At cost		
Raw materials	366,504	56,688
Finished goods	129,361	131,321
	495,865	188,009

Other Information

The increase in raw materials on hand reflects increased procurement of microbial strains to support production of the newly launched dry probiotic line Terragen Probiotic for Ruminants™.

Material accounting policy

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.

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	2025 $	2024 $
NOTE 10: INCOME TAX		
(a) Components of tax benefit		
Income Tax Benefit	908,201	869,356
	908,201	869,356
(b) Income tax reconciliation		
Prima facie income tax benefit on loss before income tax at 25% (2024: 25%)	(1,158,008)	(970,858)
Add tax effect of:		
- Non-deductible expenditure	620,746	514,890
- Non-recognition of tax losses and temporary differences	537,262	455,968
	1,158,008	970,858
Less tax effect of:		
- Under provision for income tax benefit in prior years	105,534	162
- Research and Development tax offset	802,667	869,194
	908,201	869,356
Income tax benefit attributable to loss	(908,201)	(869,356)
(c) Current tax asset		
Current tax relates to the following:		
Current tax asset		
Opening balance	869,192	738,586
R&D Tax concession received	(974,726)	(738,748)
Under provision of prior year R&D benefit	105,534	162
Accrual of tax incentive for the year	802,667	869,192
Closing balance	802,667	869,192

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NOTE 10: INCOME TAX (CONTINUED)

Other information

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 $6,763,704 as at 30 June 2025.

Material accounting policies

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 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.

Key sources of estimation uncertainty

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. There may be differences between the initial estimate and actual amounts received which will be accounted for in subsequent periods.

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 AASB 112 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".

	2025 $	2024 $
NOTE 11: INTANGIBLE ASSETS		
Patents and trademarks	414,873	341,510
Accumulated amortisation and impairment	(133,234)	(107,569)
	281,639	233,941
Capitalised development costs	605,066	-
Total intangible assets	886,705	233,941

(a) Reconciliations

Reconciliation of the carrying amounts of intangible assets at the beginning and end of the current financial year

Patents and trademarks		
Opening balance	233,941	196,253
Additions	73,362	66,290
Amortisation for the year	(25,664)	(28,602)
Closing balance	281,639	233,941
Capitalised development costs		
Opening balance	-	-
Additions	605,066	-
Closing balance	605,066	-

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NOTE 11: INTANGIBLE ASSETS (CONTINUED)

(a) Reconciliations (Continued)

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 the following has 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. After 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.

Patents and trademarks

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

Critical accounting judgements

With regard to research and development costs incurred during the financial year, Management has determined that the Group has met the criteria for capitalisation of certain development projects, as outlined in the material accounting policy. This includes targeted initiatives such as the development of the new TPR dry format product and applied research trials to expand Great Land Plus® into maize and canola. These projects are expected to enhance product efficacy, broaden market opportunities, and strengthen Terragen's position in delivering sustainable, commercially viable agricultural solutions.

A key judgment involves determining whether development projects are expected to generate probable future economic benefits. In making this assessment, management considers market research, customer feedback, strength of the Groups intellectual property protection and assessments regarding the anticipated demand for the products once commercialised. Given the inherent uncertainty in predicting market conditions and technological change, the decision to capitalise development costs involves significant judgment. If actual future benefits differ from those anticipated, the carrying amount of capitalised development costs may not be recoverable and could result in future impairment losses.

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	2025 $	2024 $
NOTE 12: RIGHT OF USE ASSETS AND LEASE LIABILITIES		
(a) Right of use assets		
Buildings under lease	805,892	805,891
Accumulated amortisation	(641,766)	(509,905)
	164,126	295,986
Motor vehicles under lease	-	271,803
Accumulated amortisation	-	(175,943)
	-	95,860
Total carrying amount of right of use assets	164,126	391,846
Reconciliations		
Reconciliation of the carry amount of right of use assets at the beginning and end of the financial year:		
Land and buildings		
Opening carrying amount	295,986	27,689
Additions	-	394,647
Amortisation for the year	(131,860)	(126,350)
Closing carrying amount	164,126	295,986
Motor vehicles		
Opening carrying amount	95,860	78,096
Additions	-	77,463
Amortisation for the year	(24,136)	(59,699)
Transfer to property, plant & equipment	(71,724)	-
Closing carrying amount	-	95,860

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NOTE 12: RIGHT OF USE ASSETS AND LEASE LIABILITIES (CONTINUED)

Reconciliations (Continued)

Other Information
The Group leases several assets including buildings to undertake business operations.

Right of use assets on which title transferred to the Company, were transferred to PPE.

The maturity analysis of lease liabilities is presented in Note 12 (b) below. The Group does not sub-lease any right-of-use assets.

Material Accounting Policy

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.

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NOTE 12: RIGHT OF USE ASSETS AND LEASE LIABILITIES (CONTINUED)

Reconciliations (Continued)

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 nil. The Group did not make any such adjustment during the period presented.

	2025 $	2024 $
(b) Lease liabilities		
CURRENT		
Right of use liabilities	141,247	170,336
NON CURRENT		
Right of use liabilities	24,364	224,153
Total carrying amount of lease liabilities	165,611	394,489
Maturity analysis on lease liabilities		
< 1 year	146,851	189,220
1-2 years	24,595	177,358
> 2 years	-	58,709
Less: Unearned interest	(5,835)	(30,798)
Total lease liabilities	165,611	394,489

NOTE 13: PLANT AND EQUIPMENT

Leasehold improvements at cost	527,125	527,125
Accumulated depreciation	(505,001)	(503,079)
	22,124	24,046
Plant and equipment at cost	549,858	515,908
Accumulated depreciation	(383,759)	(360,344)
	166,099	155,564
Motor vehicles at cost	412,725	-
Accumulated depreciation	(28,199)	-
	384,526	-

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	2025 $	2024 $
NOTE 13: PLANT AND EQUIPMENT (CONTINUED)		
Office equipment at cost	99,574	98,347
Accumulated depreciation	(99,480)	(98,133)
	94	214
Research equipment at cost	1,017,727	1,017,727
Accumulated depreciation	(950,771)	(934,460)
	66,956	83,267
Total property, plant and equipment	639,799	263,091

(a) Impairment

Management assesses at each reporting date whether there are indicators of impairment for non-current assets in accordance with AASB 136 *Impairment of Assets*. Judgments are applied in evaluating both external and internal factors, including changes in market conditions, market capitalisation, technological developments, or movements in interest rates that may impact the recoverability of assets. Internal indicators include evidence of physical damage, obsolescence, or underperformance of an asset.

As required by accounting standards, the Group undertook a formal impairment review for impairment indicators for the year ended 30 June 2025. Based on the impairment review performed, there are no indications that non-current assets are impaired at reporting date.

(b) Reconciliations

Reconciliation of the carrying amounts of property, plant and equipment
at the beginning and end of the current financial year

Leasehold improvements		
Opening carrying amount	24,046	66,655
Depreciation expense	(1,922)	(42,609)
Closing carrying amount	22,124	24,046
Plant and equipment		
Opening carrying amount	155,564	195,866
Additions	33,950	7,491
Depreciation expense	(23,415)	(47,793)
Closing carrying amount	166,099	155,564

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	2025 $	2024 $

NOTE 13: PLANT AND EQUIPMENT (CONTINUED)

(b) Reconciliations (Continued)

Motor vehicles		
Opening carrying amount	-	-
Additions	412,725	-
Depreciation expense	(28,199)	-
Closing carrying amount	384,526	-
Office equipment		
Opening carrying amount	214	6,783
Additions	1,227	-
Depreciation expense	(1,347)	(6,500)
Net foreign currency exchange movements	-	(69)
Closing carrying amount	94	214
Research equipment		
Opening carrying amount	83,267	106,489
Additions	-	21,890
Depreciation expense	(16,311)	(45,112)
Closing carrying amount	66,956	83,267

(c) Depreciation rates

Depreciation rates for each class of fixed assets is set out in Note 2 (f).

NOTE 14: OTHER ASSETS

CURRENT		
Prepayments	167,748	149,662
Deposits and guarantees	112,633	116,847
	280,381	266,509
NON CURRENT		
Other non-current assets	-	1,600

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

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	2025 $	2024 $
NOTE 15: TRADE AND OTHER PAYABLES		
CURRENT		
Unsecured liabilities at amortised cost		
Trade creditors	204,958	339,229
Other payables	89,402	79,625
Accrued expenses	254,568	413,714
	548,928	832,568

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 32 days (2024: 32 days) from invoice date. The carrying values of the trade and other payables are considered to be a reasonable approximation of fair value.

NOTE 16: PROVISIONS		
CURRENT		
Employee provisions	235,361	223,806
NON CURRENT		
Employee provisions	27,690	32,282

NOTE 17: OTHER FINANCIAL LIABILITIES		
CURRENT		
Insurance Premium Funding	176,121	147,738
Hire Purchase	100,872	-
	276,993	147,738
NON CURRENT		
Hire Purchase	292,843	-

Hire Purchase Arrangements
The Group's other financial liabilities include hire purchase arrangements used to finance company motor vehicles. These arrangements are secured over the underlying assets and are generally for 4 year terms. Under these agreements, the Group has the right to obtain ownership of the asset at the end of the contract term once all payments, including any final balloon payment, have been made. The liabilities are measured at the present value of future payments, with the interest component recognised in profit or loss over the term of the agreement using the effective interest method. Assets acquired under hire purchase arrangements are included in property, plant and equipment and depreciated over their useful lives, consistent with other owned assets.

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	2025 $	2024 $
NOTE 18: SHARE CAPITAL		
Issued and paid-up capital		
Contributed equity - share capital issued	51,302,054	46,903,663

	2025		2024	
	Number	$	Number	$
(a) Ordinary shares - issued and fully paid				
Opening balance	369,081,126	46,903,663	223,122,115	43,649,618
Shares issued:	135,936,048	4,757,762	145,959,011	3,503,017
Transaction costs relating to shares issued, net of tax	-	(359,371)	-	(248,972)
	135,936,048	4,398,391	145,959,011	3,254,045
At reporting date	505,017,174	51,302,054	369,081,126	46,903,663

Rights of each type of share

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.

Issued capital

Shares issued as remuneration are issued at the market value of the shares with reference to recent capital raisings.

During the year the Group completed a Placement and Entitlement offer as announced on 5 December 2024. The following ordinary shares were issued:

- On 13 December 2024, 91,955,890 fully paid ordinary shares were issued at $0.035 per share, raising$3,218,456 before capital raising costs.
- On 23 January 2025, 43,980,158 fully paid ordinary shares were issued at $0.035 per share, raising

  $1,539,306 before capital raising costs.

  No shares were issued on the exercise of options (2024: nil).

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NOTE 18: SHARE CAPITAL (CONTINUED)

Share options

Options over ordinary shares:

Employee share scheme

The group continued to offer employee participation in short-term and long-term incentive schemes as part of the remuneration packages for the employees of the companies.

Details of the method to value including pricing model utilised and key assumptions are listed in Note 21 (a).

Capital management

When managing capital, management's objective is to ensure the group continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. This is achieved through the monitoring of historical and forecast performance and cash flows.

	Note	2025	2024
		$	$
NOTE 19: RESERVES			
Foreign currency translation reserve	19(a)	2,686	1,792
Share based payments reserve	19(b)	2,256,609	1,679,050
		2,259,295	1,680,842

(a) Foreign currency translation reserve

Movements in reserve		
Opening balance	1,792	1,691
Exchange differences on translation of foreign operations	894	101
Closing balance	2,686	1,792

(b) Share based payments reserve

Movements in reserve		
Opening balance	1,679,050	1,679,050
Share based payments expensed	577,559	-
Closing balance	2,256,609	1,679,050

Refer to *Note 21 Share Based Payments* for a list of options granted during the period and outstanding at year end.

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	2025 $	2024 $

NOTE 20: CASH AND CASH EQUIVALENTS

(a) Reconciliation of cash

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:

Cash and bank balances	4,701,017	4,543,013

At 30 June 2025, the Group holds term deposits of $103,234 (2024: $107,448) with financial institutions that roll over beyond 90 days of year-end, which are restricted for the use of bank guarantees. These have been classified within other assets on the Statement of Financial Position at 30 June 2025.

(b) Reconciliation of cash flow used in operations with loss after income tax

Loss from ordinary activities after income tax	(3,723,830)	(3,014,078)
Adjustments and non-cash items		
Depreciation and amortisation	252,854	356,665
Share based payments	577,559	-
Changes in operating assets and liabilities		
Decrease in other non-current assets	1,600	-
Decrease / (increase) in trade and other receivables	43,802	(64,722)
Increase in Inventories	(307,856)	(14,945)
Increase in other current assets	(13,872)	(38,270)
Decrease in current tax assets	66,525	130,606
Increase in trade and other payables	84,373	286,690
(Decrease) / increase in provisions	(11,555)	36,648
Net cash used from operating activities	(3,030,400)	(2,321,406)

NOTE 21: SHARE BASED PAYMENTS

(a) Equity-settled share-based payments

(i) Employee option plan

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.

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NOTE 21: SHARE BASED PAYMENTS (CONTINUED)

(a) Equity-settled share-based payments (Continued)

(i) Employee option plan (Continued)

Details of the options granted are provided below:

2025

Grant date	Expiry date	Exercise price	Balance at beginning of the year	Granted during the year	Exercised / (lapsed) during the year	Balance at the end of the year	Exercisable at end of the year
4/12/2020	4/12/2025	$ 0.25	1,000,000	-	-	1,000,000	1,000,000
4/12/2020	4/12/2025	$ 0.50	2,000,000	-	-	2,000,000	2,000,000
4/12/2020	4/12/2025	$ 1.00	5,000,000	-	-	5,000,000	5,000,000
4/10/2024	29/11/2029	$ 0.025	-	6,500,000	(1,500,000)	5,000,000	2,500,000
7/11/2024	29/11/2029	$ 0.025	-	4,400,000	-	4,400,000	2,200,000
4/10/2024	29/11/2029	$ 0.04	-	6,500,000	(1,500,000)	5,000,000	-
7/11/2024	29/11/2029	$ 0.04	-	4,400,000	-	4,400,000	-
7/11/2024	29/11/2029	$ 0.06	-	10,900,000	(1,500,000)	9,400,000	-
7/11/2024	29/11/2029	$ 0.085	-	10,900,000	(1,500,000)	9,400,000	-
7/11/2024	29/11/2029	$ 0.11	-	10,900,000	(1,500,000)	9,400,000	-
			8,000,000	54,500,000	(7,500,000)	55,000,000	12,700,000

2024

Grant date	Expiry date	Exercise price	Balance at beginning of the year	Granted during the year	Exercised / (lapsed) during the year	Balance at the end of the year	Exercisable at end of the year
4/12/2020	4/12/2025	$ 0.25	1,000,000	-	-	1,000,000	1,000,000
4/12/2020	4/12/2025	$ 0.50	2,000,000	-	-	2,000,000	2,000,000
4/12/2020	4/12/2025	$ 1.00	5,000,000	-	-	5,000,000	5,000,000
			8,000,000	-	-	8,000,000	8,000,000

Fair value was determined using the Black-Scholes pricing model. The following inputs were utilised:

- Share price at grant date: Between $0.040 and $0.041 per share.
- Expected price volatility: 114.4% per annum, based on the historical volatility of the Company's shares over a period consistent with the expected option life.
- Expected dividend yield: 0% per annum, as no dividends are anticipated during the option period.
- Risk-free interest rate: Ranged between 3.613% and 4.128% per annum, derived from Australian Government bond yields with similar maturity terms.
- Assessment of the likelihood of options vesting.
- No modifications, cancellations, or settlements of share-based payment arrangements occurred during the reporting period.

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NOTE 22: RELATED PARTY TRANSACTIONS

(a) Transactions with key management personnel of the entity or its parent and their personally related entities

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.

Related parties within the Group encompass key management including the Executive Management team and Non Executive Directors. 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 paid to key management personnel of the Group is set out below:

		2024
	$	$
Salary and Fees	916,788	828,147
Superannuation	99,694	83,798
Share-based payments	357,086	-
	1,373,568	911,945

During the period Terragen paid $3,051 to Food Agility Consulting (FAC) and $107,544 to Food Agility CRC. FAC is a 100% owned subsidiary of Food Agility CRC of which Michele Allan was a Director during part of the year. Richard Norton is the Managing Director of FAC. During the period entities controlled by Richard Norton procured and funded the beef cattle that were used in the dose rate trial with Charles Sturt University to which the Company paid $417,175 during the year. Michele Allan is the Chancellor of Charles Sturt University.

Terragen has procedures in place to manage actual and perceived conflicts of interest that include abstaining from decisions where conflicts exist. These procedures were followed in relation to the above.

NOTE 23: CONTINGENT LIABILITIES

There are no contingent liabilities as at 30 June 2025 (2024: nil).

NOTE 24: EVENTS SUBSEQUENT TO REPORTING DATE

On 11 August 2025, Roger McPherson was appointed as Chief Financial Officer and Company Secretary of the Company.

There have been no other matters or circumstances, which have arisen since 30 June 2025 that has significantly affected or may significantly affect:

(a) the operations, in financial years subsequent to 30 June 2025, of the group, or
(b) the results of those operations, or
(c) the state of affairs, in financial years subsequent to 30 June 2025, of the group.

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NOTE 25: ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the group. The group has decided not to early adopt any of these new and amended pronouncements. The group's assessment of the new and amended pronouncements that are relevant to the group but applicable in future reporting periods is set out below.

AASB 2023-5: Amendments to Australian Accounting Standards - Lack of Exchangeability (applicable to annual reporting periods commencing on or after 1 January 2025)

AASB 2023-5 amends AASB 121 *The Effects of Changes in Foreign Exchange Rates* by specifying how to assess whether a currency is exchangeable and how to determine the exchange rate when it is not.

When a currency is not exchangeable at the measurement date, an entity is required to estimate the spot exchange rate as the rate that would have applied to an orderly exchange transaction at the measurement date between market participants under prevailing economic conditions.

AASB 2023-5 mandatorily applies to annual reporting periods commencing on or after 1 January 2025 and will be first applied by the group in the financial year commencing 1 July 2025.

The directors of the group have not yet determined the likely impact of the initial application of this standard on its financial statements.

AASB 18: Presentation and Disclosures in Financial Statements

AASB 18 replaces AASB 101 *Presentation of Financial Statements* to improve how entities communicate in their financial statements, with a focus on information about financial performance in the statement of profit or loss and other comprehensive income.

They key presentation and disclosure requirements of AASB 18 are:

- the presentation of newly defined subtotals in the statement or profit or loss and other comprehensive income, and the classification of income and expenses into operating, investing and financing categories;
- the disclosure of management-defined performance measures; and
- enhanced requirements for grouping (aggregation and disaggreation) of information.

AASB 18 mandatorily applies to annual reporting periods commencing on or after 1 January 2027 and will be first applied by the group in the financial year commencing 1 July 2027.

The directors of the group have not yet determined the likely impact of the initial application of this standard on its financial statements.

AASB 2024-2: Amendments to Australian Accounting Standards - Classification and Measurement of Financial Instruments (applicable for annual reporting periods commencing on or after 1 January 2026)

AASB 2024-2 amends requirements of AASB 9 *Financial Instruments* in relation to:

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NOTE 25: ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

(a) settling financial liabilities using an electronic payment system; and

(b) assessing contractual cash flow characteristics of financial assets with environmental, social and corporate governance (ESG) and similar features.

AASB 2024-2 also amends disclosure requirements of AASB 7 *Financial Instruments: Disclosures* in relation to investments in equity instruments designated at fair value through other comprehensive income and adds disclosure requirements for financial instruments with contingent features that do not relate directly to basic lending risks and costs.

AASB 2024-2 mandatorily applies to annual reporting periods commencing on or after 1 January 2026 and will be first applied by the group in the financial year commencing 1 January 2026.

The directors of the group have not yet determined the likely impact of the initial application of this standard on its financial statements.

NOTE 26: FINANCIAL RISK MANAGEMENT

The group is exposed to the following financial risks in respect to the financial instruments that it held at the end of the reporting period:

(a) Market risk
(b) Foreign exchange risk
(c) Interest rate risk
(d) Credit risk
(e) Liquidity risk

The Board of Directors have overall responsibility for identifying and managing operational and financial risks.

(a) Market risk

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

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NOTE 26: FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) 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:

	2025	2024
	$	$
Cash and cash equivalents	78,258	45,485
Trade and other receivables	5,124	17,090
Trade and other payables	(36,296)	(33,170)
Net exposure	47,086	29,405

Sensitivity

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.

Australian dollars	**2025**	**2024**
+ / - 10% movement in AUD against NZD	$	$
Equity - 10% increase	(4,709)	(2,940)
Equity - 10% decrease	4,709	2,940

(c) 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:

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NOTE 26: FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Interest rate risk (Continued)

2025

Financial instruments	Interest bearing	Non-interest bearing	Total carrying amount	Weighted average effective interest rate
	$	$	$	
Financial assets				
Cash and cash equivalents	4,701,017	-	4,701,017	1.6 %

2024

Financial instruments	Interest bearing	Non-interest bearing	Total carrying amount	Weighted average effective interest rate
	$	$	$	
Financial assets				
Cash and cash equivalents	4,543,013	-	4,543,013	1.7 %

No other financial assets or financial liabilities are expected to be exposed to interest rate risk.

Sensitivity

If interest rates were to increase/decrease by 100 basis points from the rates prevailing at the reporting date, assuming all other variables remain constant, then the impact of profit for the year and equity would be as follows:

	2025	2024
+ / - 100 basis points	$	$
Impact on profit after tax and equity + 1%	47,010	20,430
Impact on profit after tax and equity - 1%	(47,010)	(20,430)

(d) Credit risk

In order to minimise credit risk, the Group has adopted a policy of including dealing with creditworthy counterparties. For all new customers, credit checks are performed, including 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.

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NOTE 26: FINANCIAL RISK MANAGEMENT (CONTINUED)

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, $10,384 (2024: $44,000) is due from Company A, $11,792 (2024: $11,484) is due from Company B and $13,772 (2024: $20,768) is due from Company C, the Group's three largest customers disclosed in note 5.

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 35 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 2025, 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.

(i) Cash deposits

Credit risk for cash deposits is managed by holding all cash deposits with major Australian banks.

(ii) Receivables from contracts with customers

Credit risk for receivables from contracts with customers is managed by transacting with a large number of customers, undertaking credit checks for all new customers and setting credit limits for all customers commensurate with their assessed credit risk. Outstanding receivables are regularly monitored for payment in accordance with credit terms.

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NOTE 26: FINANCIAL RISK MANAGEMENT (CONTINUED)

The following table outlines the group's exposure to credit risk, by credit risk rating grade, arising from the group's financial assets.

	Basis of recognising allowance for credit losses	Gross carrying amount		Allowance for credit losses		Net carrying amount	
		2025 $	2024 $	2025 $	2024 $	2025 $	2024 $
Low risk (performing)							
Trade and other receivables	Lifetime ECL (simplified)	153,260	215,500	(7,128)	(25,567)	146,131	189,933
		153,260	215,500	(7,128)	(25,567)	146,131	189,933

For trade receivables, the Group has applied the simplified approach in AASB 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 8 includes further details on the loss allowance for these assets respectively.

(e) 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.

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NOTE 26: FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Liquidity risk (Continued)

Year ended 30 June 2025	< 6 months	6-12 months	1-5 years	Total contractual cash flows	Carrying amount*
	$	$	$	$	$
Payables	548,928	-	-	548,928	548,928
Lease liabilities	73,068	73,784	24,595	171,447	165,611
Other financial liabilities	194,962	106,708	318,059	619,729	569,836
Net maturities	816,958	180,492	342,654	1,340,104	1,284,375
Year ended 30 June 2024					
Payables	832,568	-	-	832,568	832,568
Lease liabilities	103,201	86,020	236,211	425,432	394,489
Other financial liabilities	147,738	-	-	147,738	147,738
Net maturities	1,083,507	86,020	236,211	1,405,738	1,374,795

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

NOTE 27: REMUNERATION OF AUDITORS

	2025	2024
	$	$
During the year, the following fees were paid or payable for services provided by the auditor of the parent entity and its related practices:		
SW Audit and related network firms		
Audit and assurance services		
- Audit or review of the financial report	103,800	100,000
- Fee relating to prior period audit of financial report	-	15,000
Other non-audit services		
- Advice on taxation and other matters and review and lodgement of corporate tax returns	15,900	14,500
	119,700	129,500

NOTE 28: COMMITMENTS

There were no capital expenditure commitments at 30 June 2025 (2024: nil).

NOTE 29: CONTINGENT ASSETS

There are no contingent assets as at 30 June 2025 (2024: nil).

NOTE 30: INTERESTS IN SUBSIDIARIES

(a) Subsidiaries

The following are the group's significant subsidiaries:

	Country of incorporation	Ownership interest held by the group		Ownership interest held by NCI	
		2025	2024	2025	2024
Subsidiaries of Terragen Group:		%	%	%	%
Terragen Biotech Pty Ltd (i)	Australia	100	100	-	-

(i) Terragen Biotech Pty Ltd operates in Australia and also operates through a branch in New Zealand.

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NOTE 31: PARENT ENTITY DETAILS

Summarised presentation of the parent entity, Terragen Holdings Limited, financial statements:

(a) Summarised statement of financial position

	2025 $	2024 $
Assets		
Current assets	4,615,542	4,503,113
Non-current assets	384,974	341,488
Total assets	5,000,516	4,844,601
Liabilities		
Current liabilities	448,262	436,873
Non-current liabilities	-	-
Total liabilities	448,262	436,873
Net assets	4,552,254	4,407,728
Equity		
Share capital	51,302,054	46,903,663
Retained earnings	(49,006,409)	(44,174,985)
Reserves		
Share based payments reserve	2,256,609	1,679,050
Total equity	4,552,254	4,407,728

(b) Summarised statement of comprehensive income

Loss for the year	(4,831,424)	(2,777,953)
Other comprehensive income for the year	-	-
Total comprehensive income for the year	(4,831,424)	(2,777,953)

(c) Parent entity contingent liabilities

The Parent Entity has no capital commitments at 30 June 2025 (2024: nil)
The Parent Entity has no contingent liabilities at 30 June 2025 (2024: nil)

TERRAGEN HOLDINGS LIMITED AND CONTROLLED ENTITY
ABN: 36 073 892 636

CONSOLIDATED ENTITY DISCLOSURE STATEMENT
AS AT 30 JUNE 2025

Entity Name	Entity type	Country of incorporation	Ownership interest	Tax residency
Terragen Biotech Pty Ltd	Body Corporate	Australia	100%	Australia

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TERRAGEN HOLDINGS LIMITED AND CONTROLLED ENTITY
ABN: 36 073 892 636

DIRECTORS' DECLARATION

The directors of the Group declare that:

1. In the directors' opinion, the financial statements and notes thereto, as set out on pages 27 - 66, are in accordance with the *Corporations Act 2001*, including:

   (a) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

   (b) as stated in Note 1, the financial statements also comply with *International Financial Reporting Standards*; and

   (c) giving a true and fair view of the financial position as at 30 June 2025 and performance for the year ended on that date of the Group.

2. In the directors' opinion, the consolidated entity disclosure statement required by subsection 295(3A) of the *Corporations Act 2001* is true and correct;

3. In the directors' opinion there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable; and

4. 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 the Board of Directors.

Director: _____

Richard Norton

Dated this 26th day of August 2025

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SW
Accountants & Advisors

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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 2025, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

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

a. giving a true and fair view of the Group's financial position as at 30 June 2025 and of its financial performance for the year then ended, and

b. 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 & 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 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 2 in the financial statements which indicates that the Group incurred a net loss after income tax benefit of $3,723,830 (2024: $3,014,078) and had operating cash outflows of $3,030,400 (2024: $2,321,406) for the year ended 30 June 2025. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, 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

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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1. Share based payments

Area of focus	How our audit addressed the area of focus
Refer to Note 21 Shared based payments During the financial year ended 30 June 2025, the Group issued share options to certain employees and executives under an employee share scheme arrangement. These options are accounted for in accordance with AASB 2 Share based Payments. The recognition and measurement of these arrangements involve significant judgement and estimation particularly with respect to: • Determining grant date; • Determining fair value of these options in accordance with Black-Scholes or Monte Carlo simulations; • Estimating inputs to those models, including volatility, risk-free interest rates, expected life of the instruments and expected dividend yield Due to the complexity and subjectivity involved, we considered this a key audit matter.	Our audit procedures included, among others: • Obtaining an understanding of the Group's process for recognising and measuring share-based payment arrangements. • Assessing the valuation report prepared the expert engaged by the Group. • Assessing the valuation methodologies used against the requirements of AASB 2. • With the assistance of our valuation specialists, assessing the reasonableness of the key assumptions used in the valuation models, including share price volatility, risk-free interest rate, expected life of options, and dividend yield. • Evaluating the Group's assumptions regarding the achievement of service conditions and the expected number of awards likely to vest. • Testing the accuracy of the underlying data used in the calculations, including grant dates, vesting conditions, and number of awards granted. • Assessing the adequacy of the related disclosures in the financial report against the requirements of AASB 2.

2. Capitalisation of development costs

Area of focus	How our audit addressed the area of focus
Refer to Note 11 Intangible assets The Group commenced capitalising development costs this year in accordance with the recognition criteria in AASB 138 Intangible Assets. This requires significant judgement by management in assessing whether: • Technical feasibility of the products have been established; • The Group has the intention and ability to complete and use or sell the products; and • It is probable that the products will generate future economic benefits. Judgement is also required in determining the costs eligible for capitalisation. Given the subjectivity of these assessments and the potential impact on reported assets and profit, this was a key area of audit focus.	Our audit procedures included, amongst others: • Assessing the Group's accounting policy for compliance with AASB 138. • Evaluating management's assessment of the development projects against the capitalisation criteria in AASB 138. • Testing a sample of capitalised costs to supporting documentation to determine whether they were directly attributable to the development. • Challenging management's forecasts of future economic benefits, including comparison to historical performance, post-trial sales commitments, market data and budgets. • Evaluating the adequacy of the disclosures in the financial report.

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Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2025, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do 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 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, 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.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of:

a) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and

b) the consolidated entity disclosure statement for being true and correct in accordance with the requirements of the *Corporations Act 2001*, and

for such internal control as the directors determine is necessary to enable the preparation of:

i. the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and

ii. the consolidated entity disclosure statement as true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group 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 has 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 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.
- 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.

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- 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.
- Plan and perform the Group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the Group financial report. We are responsible for the direction, supervision and review of the work performed for the purposes of the Group 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, actions taken to eliminate threats or safeguards applied.

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.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 16 to 24 of the directors' report for the year ended 30 June 2025.

In our opinion, the Remuneration Report of Terragen Holdings Limited for the year ended 30 June 2025 complies with section 300A of the *Corporations Act 2001*.

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Responsibilities

The directors of the Company 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.

SW

SW Audit
Chartered Accountants

Tom Mullarkey

Tom Mullarkey
Partner

Melbourne, 26 August 2025

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