



ArborGen
— HOLDINGS —

ANNUAL SHAREHOLDERS' MEETING

26 AUGUST 2024



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All references to currencies in this document are in US dollars (US\$) unless otherwise stated.



CHAIR OF THE BOARD

David Knott

INTRODUCING THE BOARD



David Knott
Chairman
Appointed 19 August 2021*



George Adams
Independent Director
Appointed 12 August 2019



Paul Smart
Independent Director
Appointed 21 August 2018



Thomas Avery
Independent Director
Appointed 18 July 2018



Ozey Horton
Independent Director
Appointed 11 July 2018

* The Board has determined that Mr Knott is not an Independent Director as defined under the NZX Listing Rules because he is a substantial product holder of the Company.

OUR VISION

To be the world-leading provider of value-added, high-quality seedlings for the forestry industry... creating thriving forests that benefit landowners, the environment, and future generations through unmatched industry expertise.

DUAL PATHWAY STRATEGY

Driving growth and leveraging long term demand trends

OPERATING STRENGTH

Enable a strong foundation for the future

- Strengthen the organisation and develop a performance culture
- Optimise total productivity



EXCELLENCE



PEOPLE



INTEGRITY



CUSTOMERS



SUSTAINABILITY

GO TO MARKET

Grow demand and sales of higher value advanced genetics seedlings

- **United States:** Expand market and increase Mass Control Pollinated (MCP) adoption
- **Brazil:** Opportunistic and measured expansion
- Focus on market-driven genetics for the future

FY24 HIGHLIGHTS

FROM SEEDLINGS TO SUCCESS

Further year of improved financial and commercial performance

Record Adjusted US GAAP EBITDA

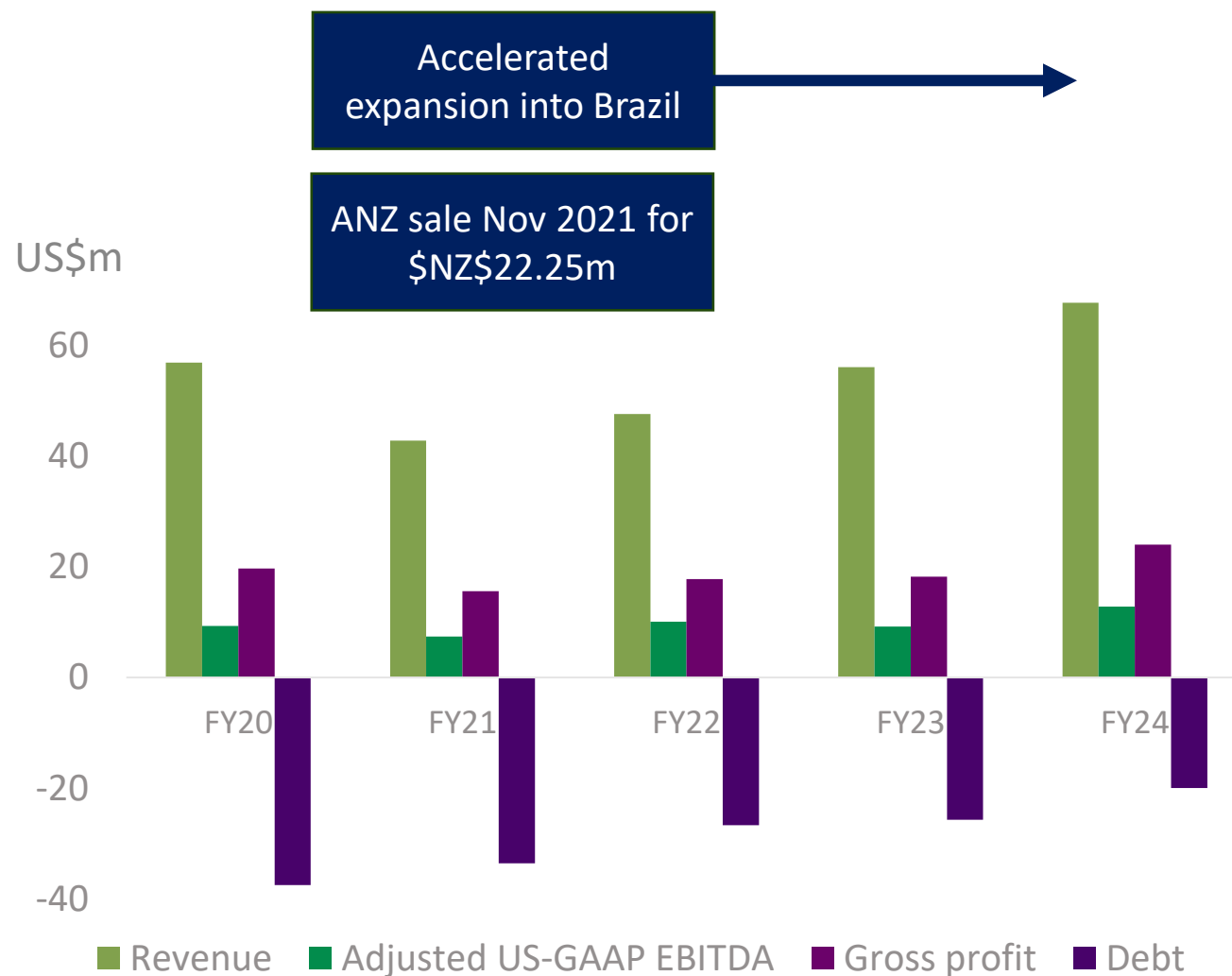
Growth strategy delivering clear benefits and outcomes

New CEO and leadership strengthening the business

Clear pathway to future growth

GROWTH STRATEGY DELIVERING TANGIBLE RESULTS

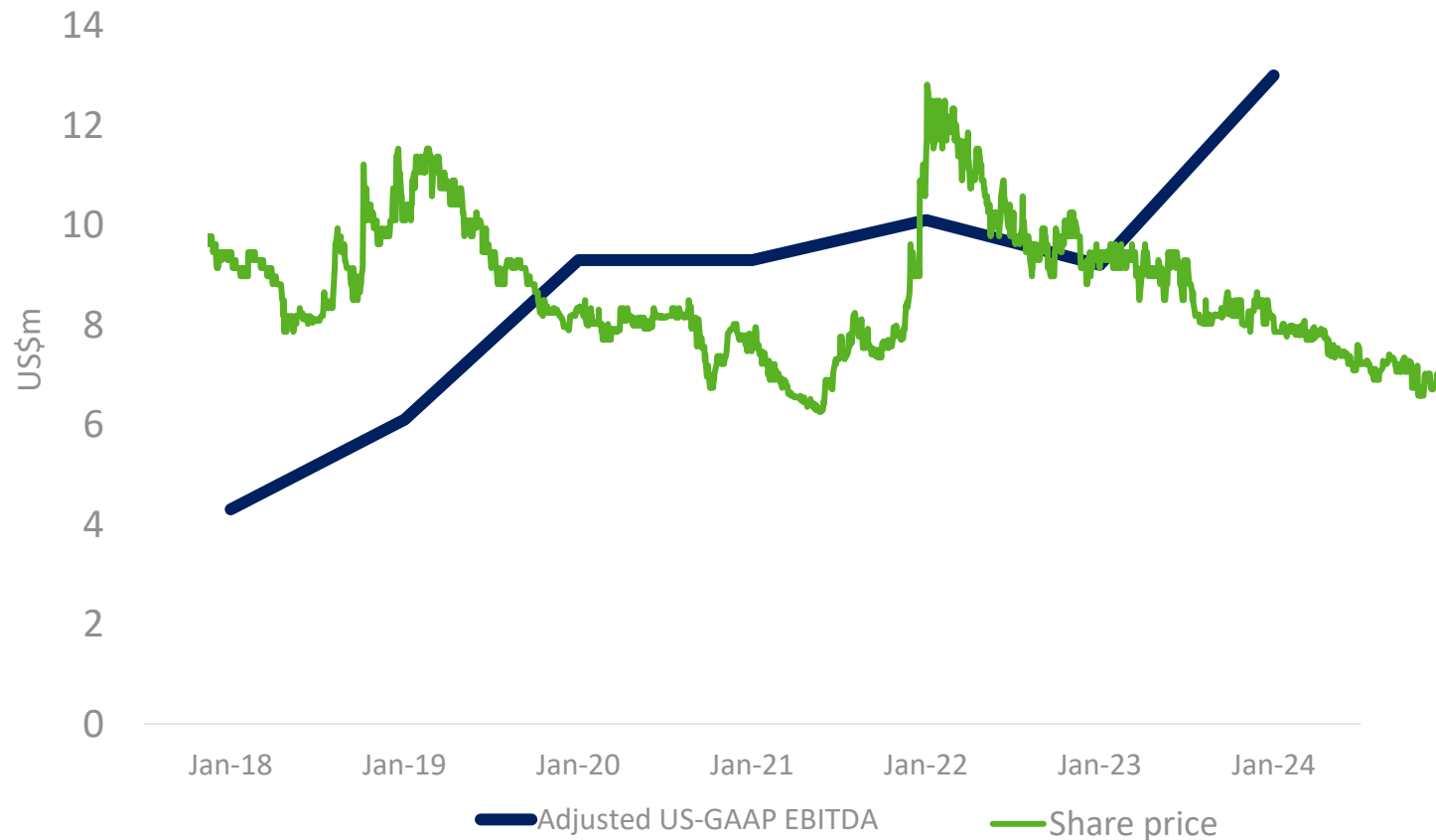
FY24 surpassed pre-ANZ sale earnings; significantly reduced net debt



FY24 comparatives to FY20:

- Record revenue, up 19%
- Record Adjusted US GAAP EBITDA, up 38%
- Gross profit up 22%
- Debt reduced by 47%

SHARE PRICE DISCONNECTED FROM FUNDAMENTAL VALUE



Share buyback announced

- Share price does not reflect intrinsic value of the company
- Value accretive for shareholders
- Reflects Board confidence in long term growth strategy

Board remains committed to driving shareholder value through strong earnings and cashflow growth

BUILDING VALUE IN FY25

CORPORATE: Capital Management

- Lease/sale of Ridgeville building
- Continuing efficiencies and cost management
- Investment into growth & expansion opportunities

US SOUTH: Margin Expansion and Measured Growth

- Maintain and grow market share
- Focus on higher value MCP[®] sales

BRAZIL: Accelerated Growth Opportunities

- Continue to expand through acquisition of additional nurseries
- Investment into IP and licensed products

CLIMATE RESILIENCE AND OPPORTUNITIES

Experienced management of climate risks

- Operations mostly outdoors - risk from weather events – flooding, excessive rain, hurricanes, drought, extreme heat
- Disruption to supply chain including labour
- More than 30 years' experience in managing these events
- First Climate-Related Disclosures published in July 2024:
www.arborenholdings.com/sustainability

OPPORTUNITIES

- Offsetting carbon emissions through sequestration
- Reforestation and afforestation projects
- Consumer behaviour shift to more sustainable materials
- Access to sustainable capital/funding

ARBORGEN IS STRONGLY POSITIONED FOR THE FUTURE

- **Clear strategy**
- **Robust balance sheet**
- **Competitive and value advantages**
- **Market leadership position**

- The leading provider of advanced genetics for the forestry industry
- Unparalleled and proven product portfolios in each of our core markets
- Decades of investment in research and intellectual property that is now bearing fruit
- Experienced field force servicing more than 2,000 customers each year
- Focused on continued growth in large markets with commercial demand, being the US South and Brazil
- Production capacity of 498+ million seedlings per annum

CHIEF EXECUTIVE OFFICER

Justin Birch



FY24 HIGHLIGHTS

Focus on total productivity and operating strength

Strengthened the leadership team

Optimising footprint and operations

Acquired two nurseries and expanded container production

Strong focus on advanced genetics bolstered US performance

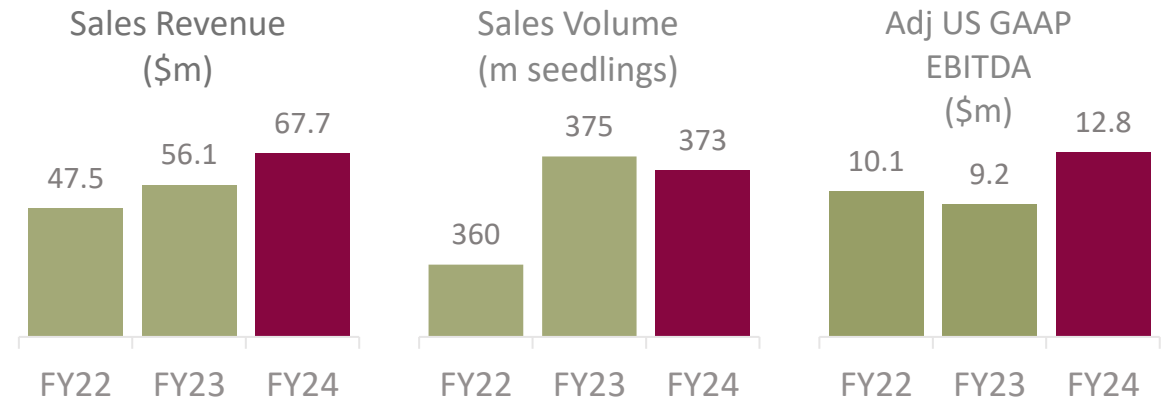
Continued momentum in Brazil with record result

Cost review and increased efficiencies

Continuous product development and R&D

FY24 FINANCIAL SNAPSHOT

- 21% increase in revenue to \$67.7m
- 32% increase in gross profit to \$24.0m
- Improvement in NLAT from \$2.5m to \$0.2m
- Borrowings reduced year on year
- Record Adjusted US GAAP EBITDA result, up 39% year-on-year and ahead of guidance
- Seedling unit sales, consistent with prior year



44%
of sales advanced
genetics seedlings

\$67.7_m
sales revenue

373

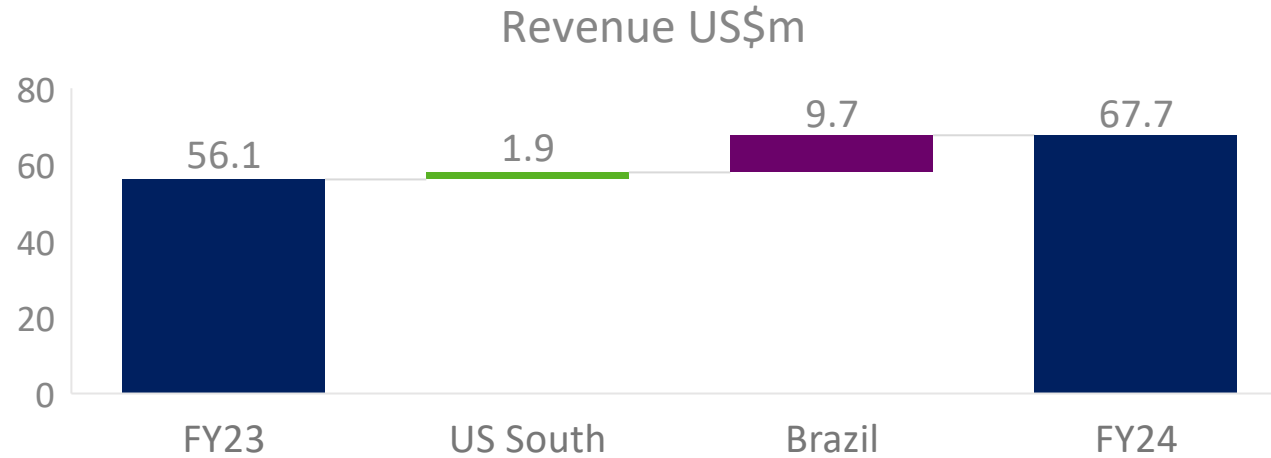
million
seedlings sold

adjusted
US GAAP EBITDA
\$12.8_m
up 39%

borrowings
reduced to
\$20_m

FY24 REVENUE

Strong growth from Brazil with steady sales in US despite challenges



- Record group sales revenue, up 21% yoy to \$67.7m
- Strong pricing and margins in both regions delivering yoy revenue increases
- Significant growth in Brazil
- US Revenue ahead of prior year despite subdued volumes

Sales \$m



■ Brazil ■ US South

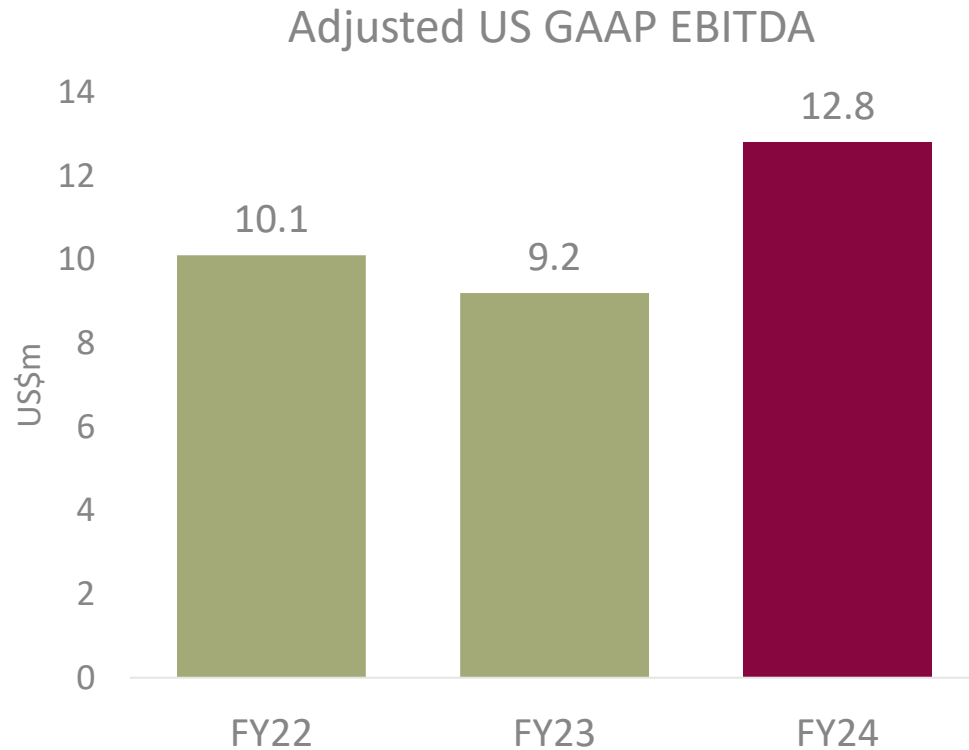
Sales units m



■ Brazil ■ US South

US GAAP EBITDA

Record Adjusted US GAAP EBITDA result of \$12.8m, up 39% yoy



- Boosted by increased sales revenue and improved gross margin

Adjusted US GAAP EBITDA is a non-GAAP financial measure and excludes one-off and unusual items which may include restructure costs, impairments and write downs on assets, acquisition/sale transaction costs and other one-off items. Management believes this measure provides useful information, as it is used internally to evaluate performance, and it is also a measure that equity analysts focus on for comparative company performance purpose. FY24 excludes \$5.2m in one-off and unusual items.

OPTIMISING THE BUSINESS

Redeploying cash and savings into paying down debt and growth initiatives

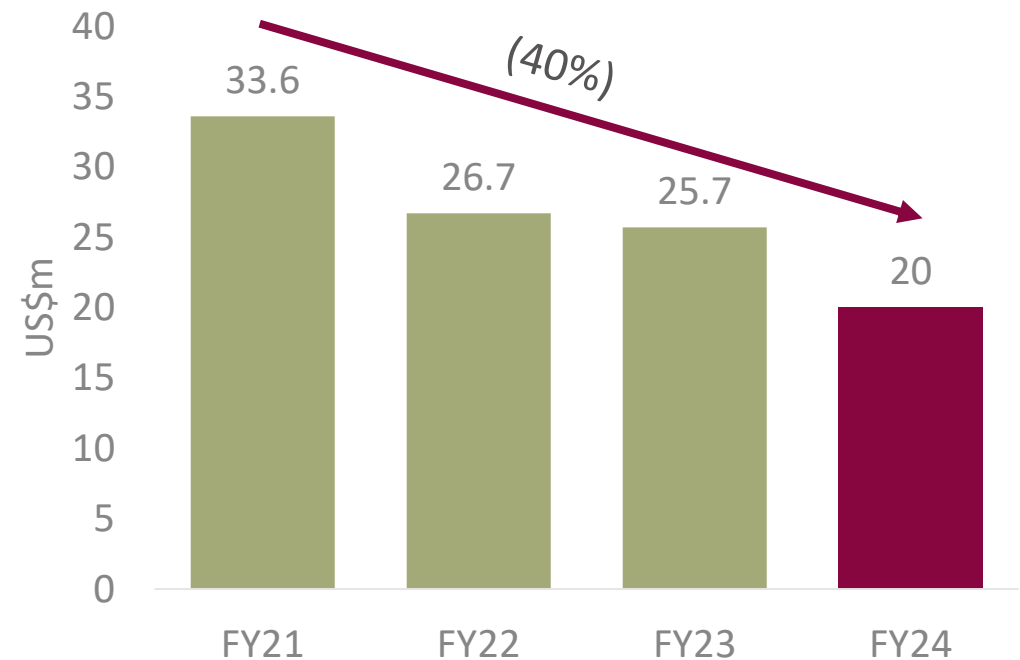
Review of assets to ensure these meet the Board's investment criteria and provide value for shareholders

- Exit from Taylor Nursery in the US
- Completed sale of in-vitro business for USD\$4m in July 2024

Combined saving approx. \$1m per annum

- In-process to sell/lease laboratory building

Borrowings
Improved interest cover and gearing



INVESTMENT INTO GROWTH

FY24 reflects investment into production expansion

US SOUTH

- Expansion of container capacity at two US nurseries
- Automation of inventory counts in US
- Purchase of \$2.5m Jasper Nursery in US

BRAZIL

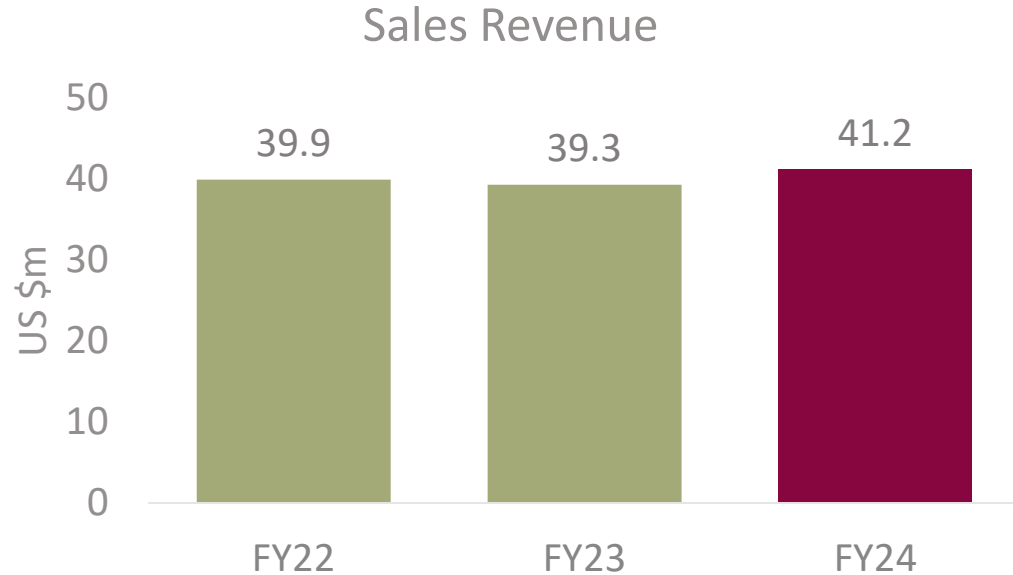
- Expansion in Brazil with nursery acquisition (lease)
- Capacity increased by 18m seedlings yoy

R&D

- Continued product development
- New selection techniques, testing and analysis

US SOUTH

Sales revenue remained strong despite the impact of macro conditions on sales volumes



US South	FY24	FY23
Seedling sales (units m)	260	273
Sales revenue (\$m)	41.2	39.3
Advanced genetics as % of total sales volume	41%	37%
Seedling capacity (units)	350m	350m+

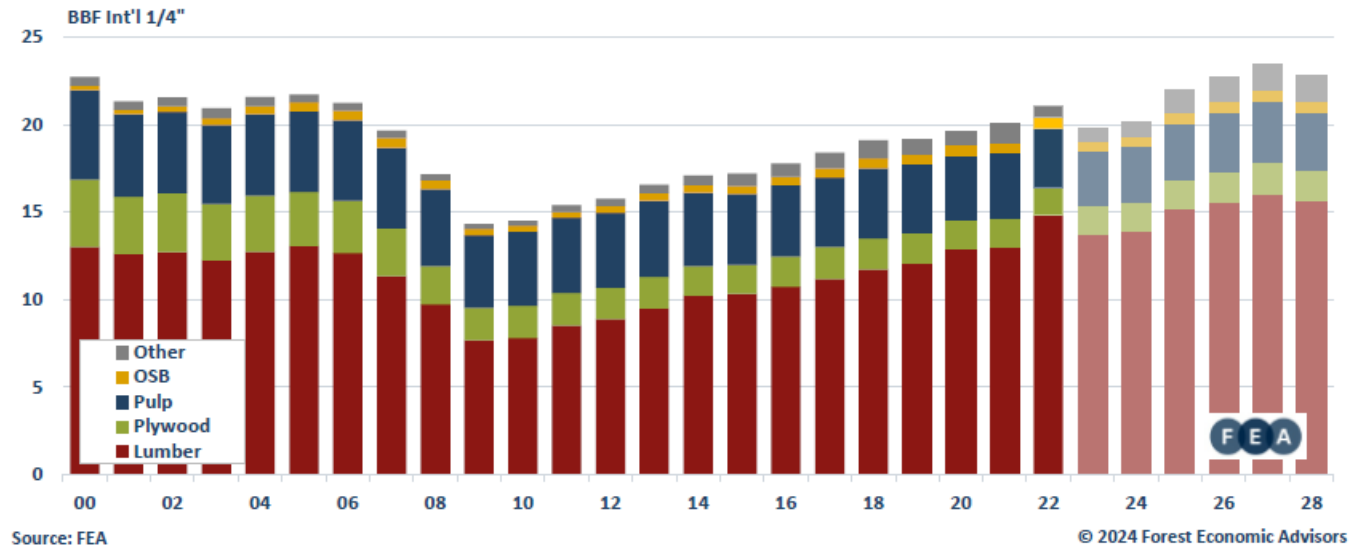
- Revenue of \$41.2m ahead of prior year despite subdued volumes
- Focus on highest margin products delivering stronger pricing and margins
- Acquisition of Jasper Nursery in Texas and further expansion of container capacity
- Exit from Taylor Nursery in Q4 FY24; post period end sale of in-vitro business

MARKET CONDITIONS

- Current economic and weather headwinds to continue into FY25
- Recovery in saw timber projected by CY2025
- Some recovery in pulp demand, long term projected decline
- Opportunities in sustainable forestry
- Increasing frequency of extreme weather events

ArborGen's advanced genetics seedlings offer customers the opportunity to achieve higher yields and returns from premium grade saw timber

Expansion in the South's Lumber Sector Will Push Southern Sawtimber Demand Higher



**ARBORGEN IS A KEY
PLAYER, WITH ONE
OF THE LARGEST
CAPACITIES FOR
ADVANCED
GENETICS SEEDLINGS
PRODUCTION IN THE
US SOUTH**

OUR STRATEGY

- Increased sales focus and effort - concentrating on higher value advanced genetics products
- Explore new and innovative ways to grow and market our superior products
- Thoughtful growth – M&A and expanded container offering

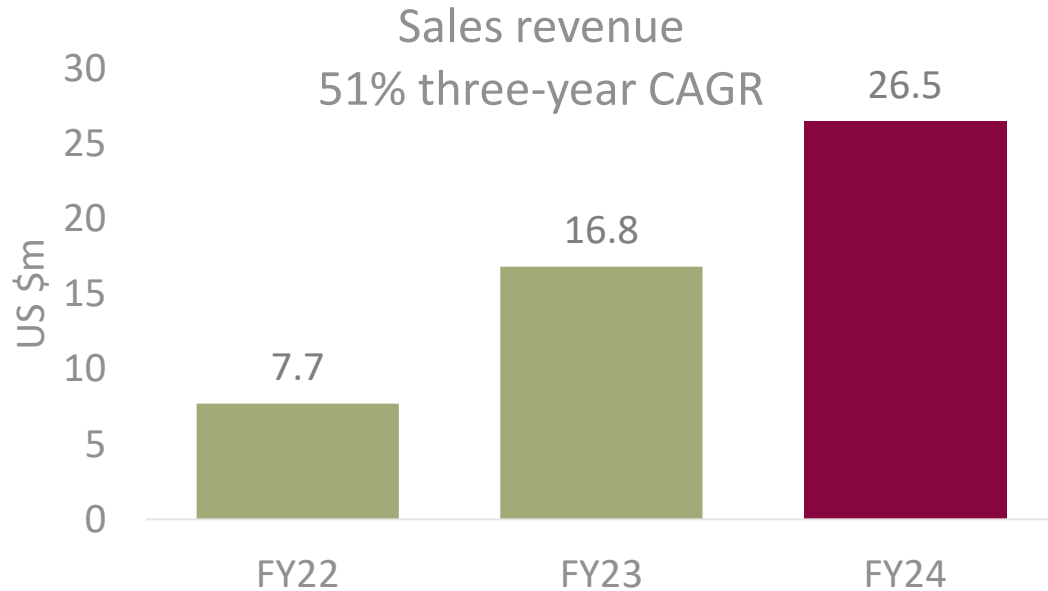
MANAGING EXTREME WEATHER

Science based approach and investment to enhance resilience

- Increasing use of Container planting
- Contour mapping
- Improved drainage
- Managing planting schedules
- Increased use of agricultural products to help hold seed in the field
- Geographic diversification of orchards and nurseries
- Developing more resilient seedlings

BRAZIL

Opportunistic and measured expansion delivering record results and strong momentum



Brazil	FY24	FY23
Seedling sales (units m)	113	102
Sales revenue (\$m)	26.5	16.8
Advanced genetics as % of total sales volume	50%	40%
Seedling capacity (units)	138m	120m+

FY24 Performance:

- Record revenue of \$26.5m, up 58% yoy
- Strong volume growth bolstered by strong pricing and margins
- Expanding production capacity – acquisition of additional nursery in August 2023
- 51% 3-year CAGR reflects the positive growth momentum in Brazil

BRAZIL

Market Overview

- Brazil is the world's largest producer and exporter of hardwood pulp
- Rapid expansion in production capacity in response to demand
- Decline in yields due to environmental and weather-related factors - the market is seeking new clones with higher yields that are also more resilient; this presents an opportune landscape for ArborGen
- Our superior trees offer higher yields and higher wood density than standard market clones, improved disease and insect resistance, and good drought tolerance

ARBORGEN IS ONE OF THE LARGEST COMMERCIAL PROVIDERS FOR PINE AND EUCALYPTUS SEEDLINGS

OUR STRATEGY

- Leverage our strong position in the pine and eucalyptus seedling markets
- Convert the market to products with superior genetics
- Expand production capacity
- Innovation in eucalyptus and pine tree improvement – new R&D programme being established
- Opportunity to consolidate a growing but fragmented and capital starved industry

OUTLOOK

MANAGING US HEADWINDS

- Current conditions impacting demand
- New customer T&Cs – orders being placed later in the cycle
- Significant seedling losses in 2024 due to weather events
- Low 2023 cone harvest has increased cost of seed in FY25
- Continue to explore new ways to grow and market products, and streamline the business

CONTINUING STRENGTH IN BRAZIL

- Strengthening of the market following lows in 2H 2024
- Pricing and demand for protected clones remains high - investing to transform more product from market (unprotected) to protected clones
- Shifting sales from licensed products to proprietary ArborGen genetic seedlings
- Integrating new nurseries

FY25 OUTLOOK

- Ongoing growth momentum in Brazil; increasing demand in US South expected when economic cycle recovers
- Strategic focus on higher value, advanced genetics seedlings
- Investment into the expansion of our team, nursery improvements and other strategic initiatives will be reflected in the FY25 year
- Cost savings of around \$1 million from the closure of the Taylor Nursery and sale of the in vitro business
- Lease of Ridgeville building will reduce operating expenses; sale would reduce debt and interest costs

**Full year sales volumes are expected to be flat or slightly down on FY24;
Adjusted US GAAP EBITDA expected to be largely in line with FY24**



SHAREHOLDER DISCUSSION



RESOLUTIONS

Resolution 1: That the Directors be authorised to fix the fees and expenses of Deloitte as the Company's auditor.

Resolution 2: Re-election of David Knott as a Director of the Company.

Resolution 3: Re-election of Thomas Avery as a Director of the Company.

Resolution 4: Re-election of Ozey Horton as a Director of the Company.



OTHER BUSINESS