



FY22 Results Presentation

For the 12 months ended 31 March 2022

27 June 2022

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

Our Strengths

ArborGen is the leading global commercial provider of advanced genetics tree seedling products

We are using our technology platform, production pipeline and sales & marketing capabilities to transform forest productivity

- Unparalleled product portfolios in each of our core markets
- Decades of investment in research and intellectual property
- Own one of the world's largest and most diverse repositories of commercial tree germplasm
- ~1,000 field trials containing more than one million trees
- Service over 2,000 customers each year
- Large footprint in existing traditional forestry markets
- New opportunities in substantial emerging carbon markets
- **Strongly positioned for the future with a clear strategy, strong balance sheet and market leadership position**



Our Product Portfolio

We are advancing genetics through breeding

Open Pollinated: OP Advanced, Select and Elite

Produced from best mother and fertilized with pollen of an unknown father tree

ELITE GENETICS PRODUCTS

MCP®: Advanced, Select, Elite, 2.0

Seedlings produced from best mother and father. ArborGen has the most advanced and most broadly adapted MCP pipeline in the industry.

Varietals

Multiple copies of best MCP seedlings, selected from extensive trials. ArborGen is the only company in the world with the ability to produce varieties at scale.

Our Value Proposition

ArborGen has the most advanced and most broadly adapted MCP pipeline in the industry

Value Drivers: (Productivity + Log Quality) x Price = Value



Varietal stand age 8:

- Growth and yield: 11.6 tons/acre/year
- Quality: 100% sawtimber potential (STP)
- Value: 2.5x of traditional genetics

Source: Management estimates

Quality traits

Lack of log defects controlled by three traits (refer pictures below) determine the proportion of trees qualifying as high value sawtimber which typically sell for 2 to 4 times more than pulpwood.



Better Straightness



Less Disease



Reduced Forking

Key benefits of MCP

- ✓ **Faster growth rate** with first thinning as early as 11 to 13 years
- ✓ **Higher yield** with more wood per acre
- ✓ **30% to 40% more sawtimber** on final harvest vs OP for loblolly
- ✓ Greater uniformity and quality
- ✓ Improved disease and stress resistance
- ✓ Better straightness, reduced forking and better branch morphology

Our Traditional End Markets

Supported by strong underlying fundamentals

- US housing market supported by strong long-term fundamentals:
 - An underbuilt US housing stock resulting from years of underbuilding
 - An aging US housing stock ... median age of an owner-occupied house now over 40 years
 - Strong population demographics ... a large proportion of young adults moving into the house buying phase
- Timber access and supply issues continue to reduce wood product production in Western Canada and Central Europe

Resulting in projected strong increase in US South lumber production, in turn driving seedling demand

- Increasing domestic and export demand, new pulp mills and strong charcoal markets resulting from increasing iron metal demand, now collectively **driving strong local demand for eucalyptus and softwood in Brazil**

Primary End Markets



WOOD PRODUCTS



PULP & PAPER PRODUCTS



BIOENERGY



CHARCOAL



FY22 Performance

All financial results are in US dollars (US\$) unless otherwise stated

**Results are for continuing operations only and exclude
the ANZ business which was sold in FY22
FY21 numbers have been restated to be continuing operations only**

FY22 Operating Environment

Impacted by evolving supply chain issues, labour shortages and inflationary pressure

United States:

- Global pandemic, including emergence of Delta and Omicron variants, continued to cause significant disruptions ranging from transportation issues to labour shortages
- Resulting sawmill closures and slow downs impacted log harvests, and in turn, seedling demand in the period

South America:

- Growth in the pine and eucalyptus seedling markets
- Material impact from COVID-19

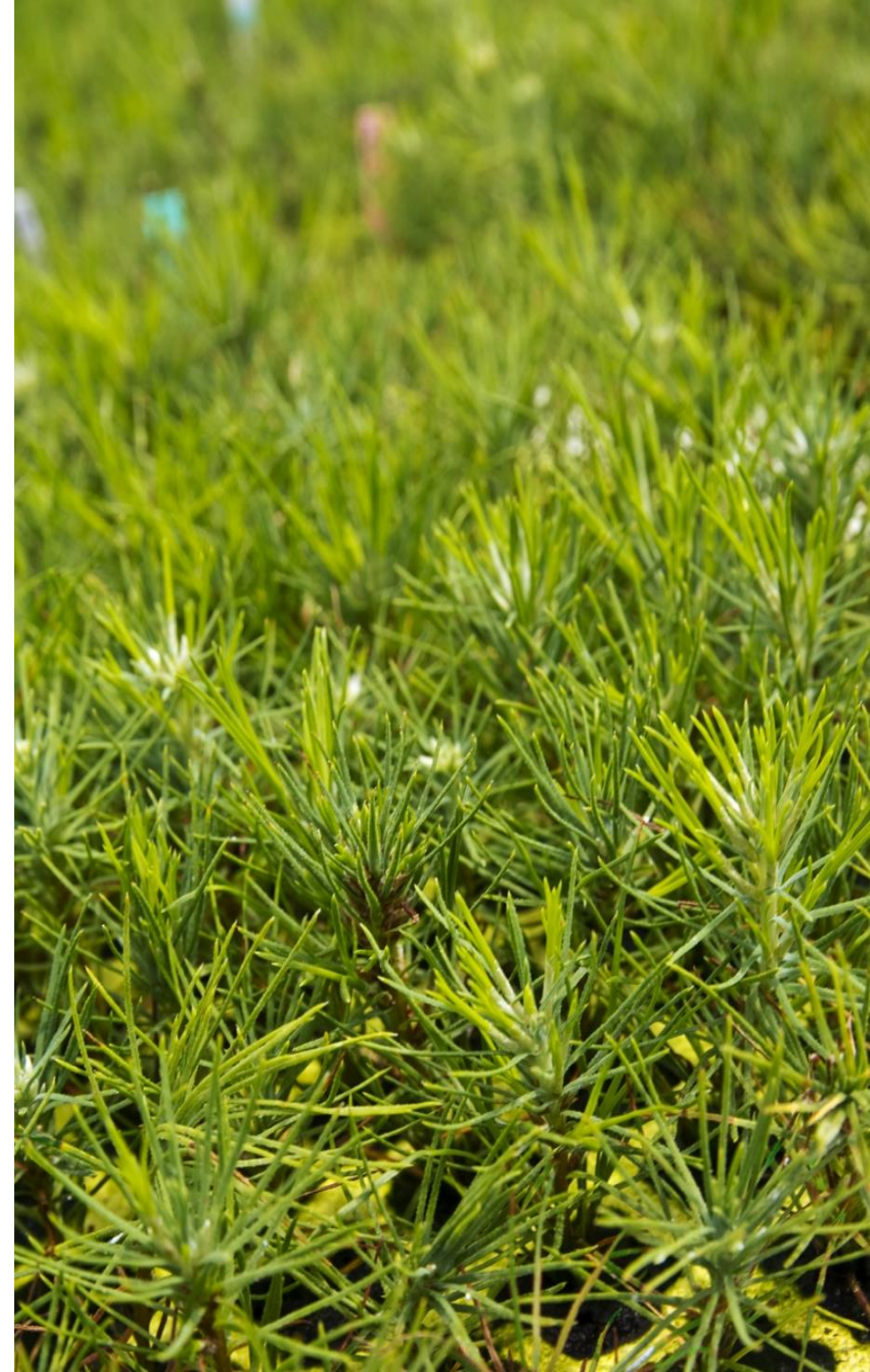
New Zealand/Australia:

- Sale of ANZ business in November 2021, as part of strategic review

FY22 Commercial Highlights

Long term value proposition becoming more evident

- Record US sales of advanced genetics seedlings, up 32% year on year
- Advanced genetics seedling sales to private landowner segment up almost 60% year on year
- Completion of strategic review and Board-approved strategy to maximise future value and growth
- Sale of ANZ business for NZ\$22.5m on 30 November 2021
- Acquisition of new 10 million capacity pine nursery in Brazil for BR\$4 million in December 2021
- Freeze event combined with extreme winds impacted MCP seed expected from late calendar 2023
- Projected harvest of MCP seed in late calendar 2022 equivalent to over 200 million seedlings, assisting with seed inventory build
- Investigation of opportunities in emerging carbon markets



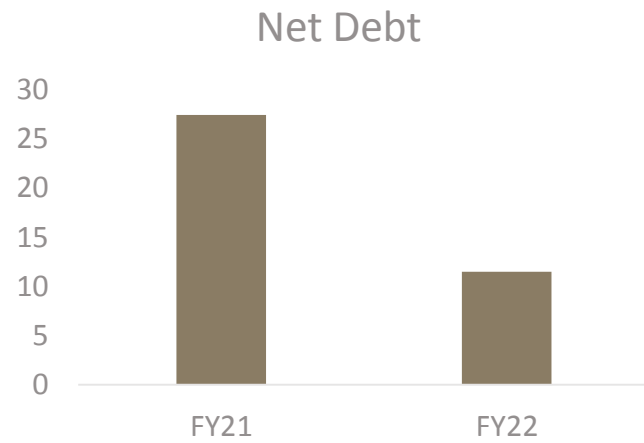
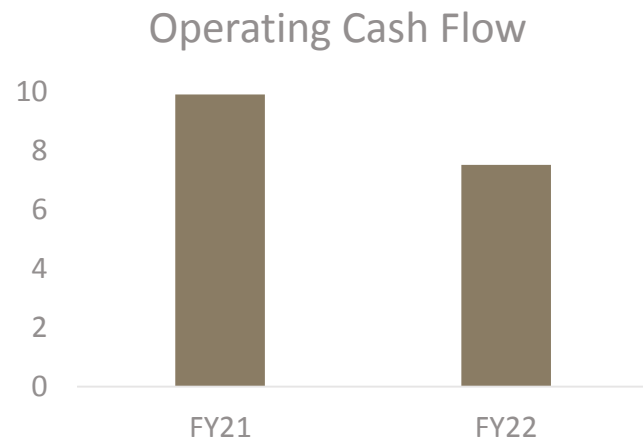
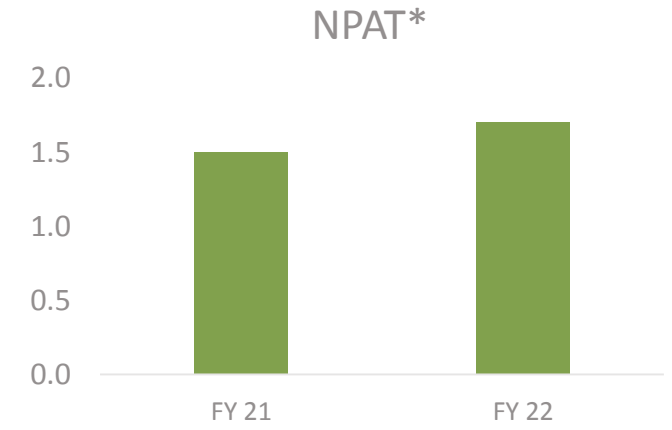
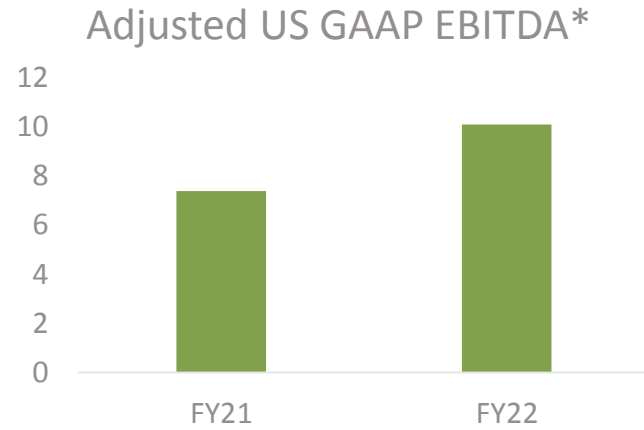
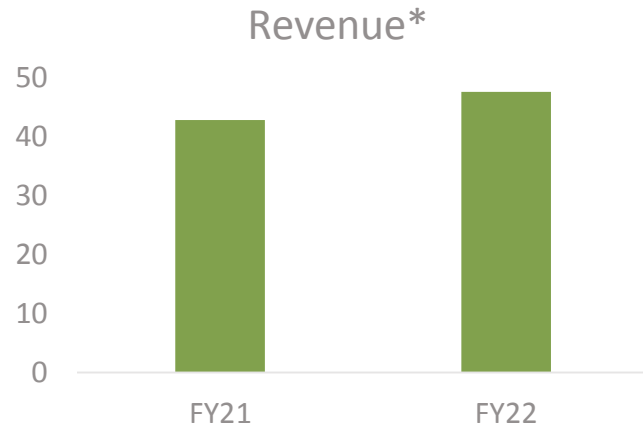
FY22 Financial Snapshot

| USD \$m | FY22 | FY21 Restated | % change |
|---|-------|---------------|----------|
| Revenue | 47.6 | 42.8 | +11% |
| Operating Earnings (before other significant items) | 2.7 | 1.0 | +170% |
| Other Significant Items ¹ | (4.0) | 1.9 | |
| Net earnings (NPAT) | 1.7 | 1.5 | +13% |
| Adjusted EBITDA (US-GAAP) ^{2,3} | 10.1 | 7.4 | +36% |
| Net Operating Cash Flow | 7.5 | 9.9 | -24% |
| Net Debt | 11.5 | 27.4 | +58% |

- Pleasing results despite the ongoing impact of the pandemic
- Increased availability of advanced genetics seedlings, and higher customer demand, driving sales and earnings growth
- Significant uplift in operating earnings, increase in revenue and Adjusted US-GAAP EBITDA
- Strengthened balance sheet and reduction in net debt

1. Other Significant Items of \$(4) million comprising Government grant income of \$0.9m, COVID impact on unsold seedlings and associated write off of \$1.6m, \$1.5m related to the freeze event, and strategic review and other costs of \$1.8m (primarily financial, tax and legal advice, and including M&A activity during the period) (FY21: a gain of \$1.9 million).
2. US-GAAP EBITDA is US-GAAP Earnings Before Interest, Tax, Depreciation and Amortisation. ArborGen uses US-GAAP EBITDA when discussing financial performance. This is a non-GAAP financial measure and is not recognised within IFRS. Non-GAAP financial measures should not be viewed in isolation nor considered as a substitute for measures reported in accordance with GAAP. Management believes that US-GAAP EBITDA 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 purposes, as the measure removes distortions caused by differences in asset age, depreciation policies and debt:equity structures. A reconciliation is provided in note 30 of the 31 March 2022 audited financial statements.
3. Excludes public company costs of \$1.1 million

Two Year Performance



* Continuing operations

FY22 Revenue and Seedling Sales

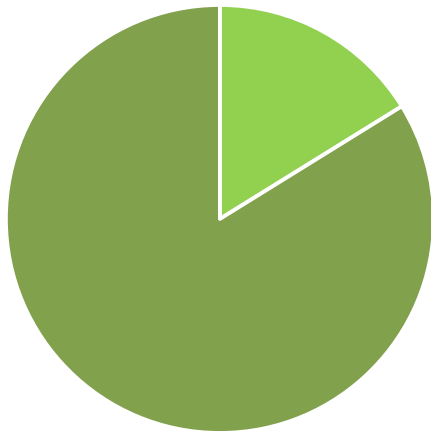
ArborGen Seedling Sales Volume

| | Sales volume FY22 (m units) | Sales volume FY21 (m units) |
|---------------------------|--------------------------------|--------------------------------|
| USA | 284 | 294 |
| <i>USA Loblolly MCP %</i> | <i>41%</i> | <i>31%</i> |
| Brazil | 78 | 65 |
| Total | 362 | 359 |

- Record US sales of MCP seedlings
- MCP & varietal sales comprised 42% of total US loblolly pine sales volume but delivered 66% of US loblolly sales revenue
- Global pandemic, including emergence of Delta and Omicron variants, continued to cause significant disruptions resulting in lower sawmill output and seedling demand

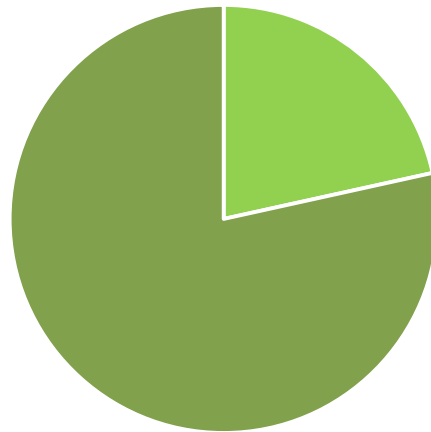
FY22 Revenue and Seedling Sales

Sales Revenue
by Region



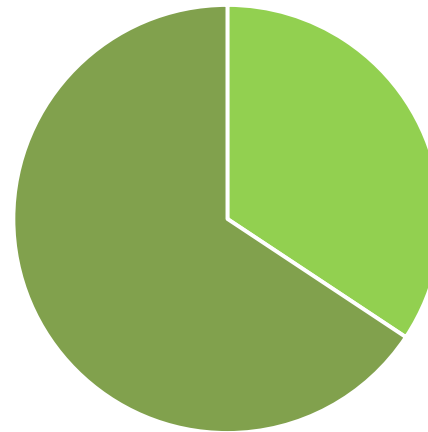
■ South America ■ USA

Sales Volume
by Region



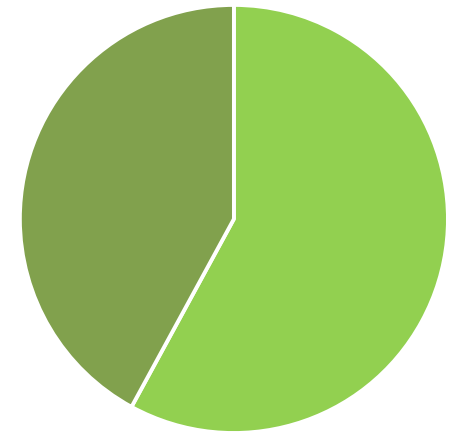
■ South America ■ USA

US Loblolly
Pine Revenue



■ OP ■ Advanced genetics

US Loblolly
Pine Sales Volume



■ OP ■ Advanced genetics

Financial Reconciliation

Reconciliation of NZ IFRS to US GAAP EBITDA

| <i>Fiscal year ending March</i> | 2022 | 2021 |
|---|-------------|-------------|
| <u>Per Published IFRS Financial Statements</u> | | |
| NPAT | 1.7 | 1.5 |
| Less tax benefit | -4.7 | -0.6 |
| Plus financing expense | 1.7 | 2.0 |
| Plus depreciation & amortisations | 9.6 | 9.8 |
| EBITDA IFRS - Group | 8.3 | 12.7 |
| Plus corporate costs | 1.0 | 1.3 |
| EBITDA IFRS - ArborGen | 9.3 | 14.0 |
| <i>add back IFRS adjustments not made under US GAAP</i> | | |
| investment in intellectual property | -3.1 | -3.7 |
| Other IFRS adjustments | -0.1 | -1.0 |
| Other significant items | 4.0 | -1.9 |
| Adjusted EBITDA - US GAAP | 10.1 | 7.4 |

Reconciliation of US GAAP EBITDA*

| <i>Fiscal year ending March</i> | 2022 | 2021 |
|---|-------------|-------------|
| <u>ArborGen - US GAAP</u> | | |
| Revenue | 47.6 | 42.8 |
| Gross Margin (excluding DDA) | 19.6 | 17.9 |
| GM % | 41.2% | 41.8% |
| Less SG&A (inc rental income) | -6.4 | -6.8 |
| Less R&D | -3.1 | -3.7 |
| Adjusted EBITDA US GAAP - ArborGen | 10.1 | 7.4 |

* Under US GAAP, from a statutory reporting perspective, the classification of the expense items, and other significant items in this table may differ from what is presented here.



**Our Strategy:
Growing Our Future**

Our Strategy: Growing Our Future

| Strategic Pathways | Increase Sales of Advanced Genetic Seedlings in Targeted Markets | Investigate the Opportunity in Emerging High Growth Carbon Markets | Invest in Resources and Capability to Realise ArborGen's Potential |
|--------------------|---|---|---|
| FY23 Focus | <ul style="list-style-type: none"> Continued conversion of customers to higher value advanced genetic seedlings Build on leadership position in US South, focus on loblolly pine seedlings Evaluate potential opportunities to expand in targeted regions in the US Build on leadership position in Brazil, focus on eucalyptus and loblolly pine seedlings | <ul style="list-style-type: none"> Actively engage with carbon registries and major carbon companies to develop protocols for plantation forestry Partner with carbon project developers in the US South to facilitate large scale afforestation and reforestation projects | <ul style="list-style-type: none"> Strategically expand production capacity in US South Leverage acquisition of new pine nursery in Brazil Lease of third eucalyptus nursery in Brazil |



US South

Core traditional high growth market

- Strong longer term underlying fundamentals supporting the US housing market (ArborGen's core end market)
- Timber access and supply in Western Canada and Central Europe has seen more timber companies purchasing or building mills in US South
- Forest Economic Advisors is projecting the strongest increase in lumber production to be in the US South, forecasting 24% growth relative to 2021 and to reach 26.0 billion board feet by 2025*

Driving Growth

- Extensive existing footprint in US South to leverage growth
- Leadership position – supply 80% of MCP seedlings in US South
- Increasing demand for advanced genetics' seedlings from both private landowner segment and large National Accounts (REITs and TIMOs**)
- Expansion of container capacity across two sites, driving a 60% uplift in production of containerized seedlings per annum from FY24 onwards

* Forest Economic Advisors 2nd Quarter 2022 Timber Quarterly Forecast

**Real Estate Investment Trusts and Timber Investment Management Organisations



Brazil

Emerging traditional high growth market

- Strong underlying market dynamics – increasing domestic and export demand, new pulp mills and strong charcoal markets resulting from increasing iron metal demand, collectively driving strong local demand for eucalyptus and softwood

Driving growth

- One of the largest commercial suppliers of eucalyptus and loblolly pine seedlings in the Brazilian market
- Acquisition of new 10 million seedling pine nursery to cement position in local pine markets
- Plans to expand eucalyptus production internal capacity through leasing a third eucalyptus nursery
- Stronger pricing and demand expected in FY23



Global Carbon Markets

Emerging market

- Increasing focus on the importance of reducing greenhouse gases globally – forests play an important role
- Forest based carbon projects will be increasingly important in creating new demand for both pine and hardwood seedlings
- Carbon project developers are actively pursuing large scale afforestation and reforestation projects in the Southern US

Investigating the opportunity

- Actively engaging with carbon registries and major carbon companies to develop protocols for plantation forestry
- Focus on partnering with carbon project developers in the US South to facilitate large scale afforestation and reforestation projects

Outlook

- Benefits of long term focus on advanced genetics is becoming clear and adoption by landowners is increasing
- Well poised to benefit from leadership position in tree improvement technology, and as the leading commercial supplier of advanced genetics in the US South and Brazil
- Increasing MCP seed supply from flowers pollinated in FY21 and ongoing maturity of orchards
- Geopolitical tension and pandemic flow-on effects would impact the US forestry market in the near term
- Supply chain issues and inflationary pressure expected to continue in FY23
- Brazil EBITDA expected to increase significantly in FY23 (\$1million plus), driven by stronger pricing and increased sales volumes for pine and eucalyptus
- Projecting solid growth from FY24 onwards, as pandemic effects reduce, and with increasing advanced genetics sales to both National Account customers and private landowner customers

