



*Slide - 2023 ASM*

*Slide - Welcome*

**Dave Knott – Chairman's address**

Good morning Ladies and Gentlemen. Welcome to the Annual Meeting of Shareholders of ArborGen Holdings Limited.

I am Dave Knott and I am the Chairman of the Board of ArborGen.

Thank you for your attendance today.

I am very happy to be back in New Zealand again, and to be able to introduce ArborGen's new CEO, Justin Birch, to you in person. Justin joined ArborGen as Andrew Baum's successor in June of this year.

I am pleased to advise that a quorum is present and that this Meeting is duly constituted.

The Notice of Meeting sent to shareholders last month, sets out the formal agenda for today's meeting.

We are conducting our meeting this year both here in person at the Ellerslie Event Centre in Auckland, and online, through the Computershare Online Meetings platform. All shareholders have the ability to ask questions and vote.

*Slide – Online questions*

For those of you joining us online, if you would like to ask a question, please select the Q&A tab on the right half of your screen anytime. Type your question into the field and press send. It will then be sent through for us to answer. If you require any assistance, refer to the Virtual Meeting Guide that was sent to shareholders or use the chat function by typing your query and one of the Computershare team will assist.

I would encourage you to submit questions as early as possible, as that will allow us to answer at the appropriate time of the meeting. Please also note that your questions may be moderated or if we receive multiple questions on one topic, amalgamated together.

*Slide – Voting*

Voting today will be conducted by way of a poll on all items of business. In order to provide all online attendees with enough time to vote, I will shortly open the online voting for all resolutions.

At that time, if you are eligible to vote at this meeting, you will be able to cast your vote under the Vote tab. Once the voting has opened, the system will allow votes to be submitted. To vote, simply select your voting direction from the options shown on the screen. You can vote for all resolutions at once or by each resolution. Your vote has been cast when the tick appears.

To change your vote, simply select 'Change Your Vote'. You have the ability to change your vote, up until the time I declare voting closed.

I now declare voting open on all items of business. The resolutions will now be open on the vote tab, please submit your votes at any time. I will give you a warning before I move to close voting.

### *Slide - Introduction*

I would like to introduce the members of your Board and Management to you. Present with me today are our two New Zealand based directors, Paul Smart and George Adams, and from the US, we have directors Tom Avery, and Ozey Horton attending virtually.

From management, we have ArborGen's Chief Executive Officer, Justin Birch, our Company Secretary, Sharon Ludher-Chandra, our CFO, Alex Brown and our communications contact, Pam Wardenburg.

### *Slide - Programme*

Turning then to our programme for today -

- First, I will ask Justin to update you on FY23 performance and recent progress.
- I will then make some comments from the Board's perspective.
- You will then have the opportunity to raise any questions you may have.
- And we will then deal with the formal resolutions to be considered by this meeting.

I will now ask Justin to review our recent activity for you.

### *Slide CEO's Review*

[Justin to speak]

## **CHAIR'S ADDRESS RESUMES**

### *Slide – Chair's Address*

Thank you, Justin.

Before moving to your questions, and the more formal session of the day, I would like to make a few comments on recent management changes, the business, and the current fiscal year ending March 2024.

### *Slide – Management transition*

This year has seen some significant changes at a leadership level, with the appointment of Justin as CEO of the Group, and the appointment of Adriano de Almeida as the General Manager of ArborGen's Brazil operations.

Justin, who was previously based in California, officially joined ArborGen in June, and is now based at our headquarters in Ridgeville, South Carolina. He is an experienced senior executive with significant experience in the agriculture sector, and a strong background in private equity. He brings to the Company solid financial, operational and strategic experience, and the Board believes he is a great fit for our Company, with the combination of skills and experience to lead the business through its next phase.

Adriano brings a wealth of knowledge and experience in tree improvement and tree breeding as well as an understanding of the Brazilian forestry market. He will oversee our Brazilian production and sales' operations, as well as the marketing programme. Adriano succeeds Gabriela Monnerat, who will continue in a consulting capacity to facilitate a seamless transition.

Both Justin and Adriano are great additions to the ArborGen executive team, and we are very excited about the future growth of the Company under their leadership.

On behalf of the Board, I would like to take this opportunity to also acknowledge and thank Andrew and Gabriela for their significant efforts and contribution to the Company, that span over a decade for each of them. Under Andrew's leadership, the Company has developed an unparalleled leadership position in the advanced genetics' seedlings market. Similarly, Gabriela has successfully managed our Brazil operations through a period of strong growth and has ensured that ArborGen's Brazilian operations are well positioned for the future.

We thank both Gabriela and Andrew for their valued leadership and contributions and wish them the very best in their future endeavours.

### *Slide – Ownership changes*

This year, we also simplified the ownership of ArborGen Inc – the operating, wholly owned subsidiary of ArborGen Holdings, by repurchasing warrants equating to approximately 5% of ArborGen Inc.'s fully diluted common stock for US\$1.35 million.

These warrants arose out of the acquisition of the assets and intellectual property of CellFor Inc in 2012, pursuant to which shareholders of CellFor received CDN \$1.1 million in cash and warrants to purchase ArborGen Inc common stock.

Following the repurchase of the warrants, ArborGen Holdings' effective economic interest in ArborGen Inc. increased from 95% to 100% with no dilution overhang remaining.

The purchase price reflects a significant discount based on a number of factors including intercompany advances between ArborGen Holdings and ArborGen Inc, and the fact that the warrants were exercisable for ArborGen Inc. shares rather than ArborGen Holdings shares.

### *Slide – Growth and strategic initiatives*

We are now very much focused on achieving the strategic objectives of the business. The sale of our Australasian business in late 2021 released NZ\$22.25m of capital, allowing us to focus our efforts and capital on our core markets in the US South and Brazil.

In Brazil, we are leveraging our strong position in the pine and eucalyptus seedling markets to build a sustainable, highly profitable business that is recognised as the preeminent seedling supplier.

And in the US, we are focused on driving increased adoption of advanced genetics across the US South as the leading commercial supplier of advanced genetics loblolly seedlings, leveraging decades of investment in developing best-in-class proprietary MCP products.

### *Slide – FY2024*

Turning to our current fiscal year, we have sold nearly 90% of all seedlings we have available in the US, and are currently not expecting seedling sales volumes **in the US** to be materially different to FY23 levels. Having said that, as Justin mentioned, we are expecting a solid improvement in revenues, gross margins and earnings over prior year as a result of higher average selling prices, lower unit MCP seed costs expensed in cost of sales, increased internal container seedling production.

**In Brazil**, the underlying market dynamics are very strong, driving robust demand for eucalyptus and softwood seedlings, and in turn higher seedling prices. Added to this, we have the benefit of our recent investments in expanding in-house nursery production capacity. As a result, we are projecting strong growth in seedling sales volumes, prices and margins in the current fiscal year.

### *Slide – FY2024 continued*

Taking these factors into account, including approximately \$2.7 million of CEO costs in the period, we expect double digit growth in US-GAAP EBITDA in the current fiscal 2024 year on the \$10.3 million recorded in FY23. Having said that, management are currently reviewing seed inventory on hand across the US, which may result in seed write-down costs relating to seed obsolescence. While this would reduce earnings, it is a non-recurring item and will not impact cash. Of the \$2.7 million of CEO costs to be expensed in FY2024 –

- \$1.2 million relates to half of the first and second tranches of Justin’s equity grant (assuming resolution 2 is passed)
- \$0.8 million relates to the base salary and guaranteed bonus for Justin,
- \$0.3 million of relocation costs and sign-on bonus, and
- \$0.4 million relates to the previous CEO including cash tax paid on shares issued, and for consulting costs incurred pursuant to a 29-month consulting agreement.

Turning to cashflow, inclusive of expansionary activities in the period including the acquisition of our Jasper nursery in the US for \$2.5 million and growth initiatives in Brazil, the repurchase of the warrants, as well as CEO transition cash expenses in the period, net debt is projected to be relatively flat on the prior year level of \$13 million (excluding capital leases). As we look ahead however, recent expansionary activities are expected to be both earnings and cash flow accretive, in FY2025 and beyond.

### *Slide – Summary*

The Board and management are very excited about ArborGen’s future. We have brought on strong new leadership, refined the business to focus on core existing and emerging growth markets, and significantly strengthened ArborGen’s balance sheet, to ensure we deliver on the Company’s growth potential.

Before I move on to the business of the meeting, I would also like to acknowledge and thank the ArborGen teams in the US, Brazil and New Zealand for their commitment and dedication.

Finally, I would like to thank all of our shareholders for your continued support, for which we are very grateful. We acknowledge the share price performance has been disappointing over recent months, which is unrelated to the underlying performance of the business. We are committed to ensuring strong returns for shareholders as a result of strong earnings and cashflow growth.