

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.

After three long years, I am very happy to be back in New Zealand, and importantly, to be able to attend today's meeting in person.

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, meetnow. 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. Alternatively, you can call Computershare on 0800-650-034.

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 - Board photos

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, Andrew Baum, our Company Secretary and Performance Improvement Director, 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 Andrew to update you on the progress we have made over the past year.
- ⇒ 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 Andrew to review our recent activity for you.

SLIDE – CEO's Review intro

[Andrew Baum Talks]

CHAIR'S ADDRESS

SLIDE – Chair's address intro

Thank you Andrew.

Before moving to your questions, and the more formal session of the day, I would like to make a few comments on the Strategic Review, the refocusing of the business, and the current fiscal year ending March 2023.

SLIDE – Strategic Review

In June, we announced the completion of the Strategic Review that the Board undertook to consider all options to unlock value for the benefit of all shareholders, ranging from further investment in the business, the possibility of a US listing, a full sale of the Company, or a sale of some of the assets of the Company. As you know, the process resulted in the sale of the Australia and New Zealand business in November of last year for NZ\$22.25 million, freeing up significant capital and allowing us to refocus ArborGen on its growth businesses in the US South and Brazil, as well as on new and emerging carbon markets. The Board concluded that this was the best path for maximizing value for shareholders longer term.

As mentioned in our Annual Report the Board did consider the possibility of a US listing but concluded that at the current point of time, the expected costs of a US listing outweighed the potential benefits.

Slide – Growth and Strategic Initiatives

Since ArborGen's formation in 2000, the Company has been committed to meeting the human need for wood, fibre and fuel while protecting the world's native forests.

In line with this, we are strategically focused on –

- Our **core traditional US South forestry markets**, where our competitive positioning is unparalleled. ArborGen is now realising the gains from decades of investment in tree improvement, with proven performance at commercial scale and increased market acceptance of our advanced genetics products. Added to this is our increasing supply of MCP products benefitting from major orchard expansion investments over a decade ago.
- Our **traditional high growth Brazil markets**, where ArborGen has grown to become one of the largest commercial suppliers of eucalyptus and loblolly pine seedlings. We are the only company providing superior, proprietary genetics to Brazilian pine and eucalyptus growers, including to large integrated forestry companies with their own genetics programs; and
- Leveraging our unique capabilities in **emerging global carbon markets** which represent new opportunities for ArborGen. Our advanced genetics and strong channels to forest landowners in the US uniquely position us to exploit this opportunity. As Andrew mentioned, we are very pleased to partner with two credible parties in the carbon space, and continue to engage with other prospective parties.

With the foundations now laid, ArborGen's focus will be on the continued conversion of customers to higher value seedlings as they increasingly see the commercial potential of our advanced genetics products.

Slide – Investments

The sale of our more mature business in New Zealand and Australia has strengthened our balance sheet, giving us greater flexibility to pursue high return on investment opportunities in our targeted growth markets. That said, we do want to assure shareholders that we are being very selective and careful with any spend. To date we have committed to –

- The expansion of ArborGen's in-house container capacity across two existing owned sites, which increases our in-house container seedling production from 10 to 16 million containerised seedlings per annum. The cost of the expansion is expected to be less than US\$1 million as we are able to cost effectively leverage existing infrastructure at our nurseries in Belville, Georgia and Bullard, Texas. The expected payback is less than 2 years with benefits comprising cost savings from increased production efficiencies, and incremental margins from additional containerised seedling sales. This expansion is expected to be in place for the FY24 seedling sales' year,
- The acquisition of a 10 million capacity pine nursery located in Canoinhas, Santa Catarina, Brazil for less than US\$1 million, which was completed in February, and
- Our intention to lease a third eucalyptus nursery in Brazil later this year which will increase our internal capacity to nearly 50 million eucalyptus seedlings per year.

Slide – FY2023 and beyond

Turning to our current fiscal year, due to the pandemic, inflation and certain temporary customer specific demand matters, we are projecting sales' volumes and the proportion of advanced genetics sales **in the US** to not be materially different to FY22 levels. Pleasingly, to date, we have sold over 95% of all seedlings we have available in the US, including 99% of all MCP seedlings available, which will be lifted and dispatched from December onwards.

Beyond the current fiscal year however, and subject to uncontrollable factors, ArborGen projects solid growth in advanced genetics sales in FY24 with both our large US National Account customers and private landowner customers. This will involve managing MCP seed availability against demand growth in the Eastern regions over the next two years, while also driving advanced genetics adoption in the Western regions, where we expect to have good levels of seed inventory on hand.

Longer term, the US housing market is supported by strong underlying demand fundamentals, in particular, favorable population demographics as a large proportion of the population enter the house buying phase. This, combined with timber supply issues in Canada and Europe, should drive solid growth in demand for wood products produced in the US South in the medium to longer term. Supporting this view, is the significant expansion in sawmill capacity in the US South (either announced or already underway).

Slide – FY2023 and beyond (cont)

In Brazil, the underlying market drivers are very strong, with new pulp mills and strong charcoal markets driving domestic demand for eucalyptus and softwood. As a result of this growth in demand, combined with much stronger projected pricing and margins for ArborGen's eucalyptus and pine seedlings, our Brazilian earnings are projected to be over US\$1 million, materially higher than the breakeven result recorded in FY22.

Taking these factors into account, as well as the temporary gross margin contraction in the US Andrew mentioned earlier due to historic seed costs being expensed, and the implementation of a short term incentive and retention plan that the Board has approved given extremely tight labor market conditions, we expect US GAAP EBITDA in the current fiscal 2023 year to be approximately 10% below the \$10.1 million Adjusted US GAAP recorded in FY22. That said, cash flows from operations are projected to be materially higher than prior year, which subject to any further approved expansionary capital expenditure, should result in net debt dropping by 30 – 40% by fiscal year end.

Slide – FY2023 and beyond (cont)

Looking ahead, reiterating Andrew's comments, increased MCP seed supply, lower MCP seed costs, and projected seedling sales growth in our core US forestry markets as well as in the carbon space, are projected to drive solid earnings growth in FY24 and beyond.

Outside of growth opportunities that we will continue to evaluate, the Strategic Review process has identified a number of operational improvement opportunities. To ensure we realize these gains, we have initiated an organisation wide effort comprising multiple project teams to systematically evaluate and implement agreed initiatives, which should in turn drive improved earnings and cash flow performance in future periods. We will update you later in the year on progress made.

Before I move on to the business of the meeting, I would like to reiterate that the Board and management are very excited about ArborGen's future. We have refined the business, significantly strengthened ArborGen's balance sheet, and are now well positioned to grow in our core and emerging new markets. In order to ensure we deliver on the Company's growth potential in these areas, the Board is committed to increasing resources, as needed.

On behalf of the Board and management, I would like to take this opportunity to recognise the significant contribution that Ranjan Tandon has made to ArborGen during his Board tenure. Ranjan has invested considerable time and emotional energy to support the Company, and we wish him the best for the future.

I would also like to acknowledge and thank the ArborGen teams in the US, Brazil and New Zealand who have worked tirelessly in challenging conditions to deliver a strong result for shareholders.

Finally, I would like to thank all of our shareholders for your continued support, for which we are very grateful.