

Dave Knott – Chairman's address

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

My name is David Knott and I am the Chairman of the Board of ArborGen. Before proceeding any further, I would like to sincerely thank you all for your patience while we dealt with the implications of the New Zealand Government's announcement that Auckland move to Covid-19 alert level 3, which has meant we are unable to hold our meeting at Eden Park in Auckland as planned. I certainly wanted to be in New Zealand for this meeting but having recently recovered from Covid-19 myself (which I can tell you was not a pleasant experience), I completely understand the border and lockdown restrictions in place.

Thank you for your attendance today at this virtual meeting. I am pleased to advise that a quorum is present and that this Meeting is duly constituted.

The Notice of Meeting sent to shareholders approximately two month ago, sets out the formal sessions of today's meeting.

In this online environment, as with a normal annual meeting, all shareholders have the ability to ask questions and vote. Please be aware that to use the online voting facility, shareholders and proxy holders must have entered the CSN or holder number, and post code or country code into the Lumi software. If you encounter any issues, please refer to the Virtual Meeting Guide that was emailed to shareholders, it is also available on our website, or by phoning the Computershare helpline on NZ area code 09 4 888 777.

Shareholders with questions can submit them at any time through the online portal, but I would encourage you to do so as early as possible as that will allow us to answer the questions at the appropriate time of the meeting. To ask a question, click the speech bubble icon which will open a new screen. At the bottom of that screen there is a section for you to type your question. Once you have finished typing please hit the arrow symbol to send. We'll do our best to answer all your questions, and where we have a number of questions on the same topic we may consolidate the response.

Let me begin by introducing the members of your Board and Management to you. We have all our directors on the audio call today, and have both of our New Zealand resident directors present.

From the US we have Andrew Baum, ArborGen's Chief Executive Officer present with me in ArborGen's headquarters in Ridgeville, and directors Ranjan Tandon, Tom Avery, and Ozey Horton.

In Auckland we have Paul Smart, who joined the Board in 2018, and is also the Chair of ArborGen's Audit Committee.

With Paul is George Adams. George is the newest member of the ArborGen Board appointed last year.

Our Company Secretary, Sharon Ludher-Chandra, our Chief Financial Officer, Alex Brown, our General Manager of Australasia, Greg Mann and our Communications Contact, Pam Wardenburg, are with them – all socially distanced of course!

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.

[Andrew Baum Talks]

DAVE

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 key objectives of our business as we look ahead. Without a question, our primary focus and priority is **improving cash generation**, and the global Covid-19 pandemic only reinforces the importance of this goal.

In this respect, the most critical driver of earnings and cash flow growth for our business is the step-change growth in our MCP seedling sales. ArborGen has invested significantly in developing its best in-class proprietary genetics, deploying those genetics in our seed orchards, and increasing our MCP bagging and pollination activity to increase seed supply in future periods.

Unfortunately, last year's MCP seed supply from our orchards, as you've already heard, was adversely affected by abnormal weather events and unusual biological factors that actually occurred back in calendar years 2017 and 2018. Due to the extended seed production cycles for loblolly pine, and the extremely unusual combination of the weather and biological factors mentioned, the impact on last year's seed harvest was not known until the later part of 2019. This is because it takes two years from when pollination or MCP bagging activity begins in

early spring of the first year, to when the cones or seed are harvested in the fall of the following year (about eighteen months later), and it is that seed which is then used or sown in the nurseries to produce seedlings.

Looking ahead, I am pleased to say that based on our latest inventory count in ArborGen's orchards, we are projecting a significant increase in the MCP seed to be harvested next month compared to last year's harvest. And what is particularly important to note is that in the high demand Coastal region, where MCP supply has been constrained the most, MCP seed harvest is expected to be nearly triple last year's harvest level. All going to plan, this not only allows us to materially increase MCP sales next fiscal year but also build critical buffer seed inventory to minimise future potential supply disruptions.

While we do still have about a week or two to go before cone harvesting commences, the expected increase in MCP seed harvested this year should drive a significant improvement in gross margins, earnings and cash flow in fiscal year ending March 2022. The key priority now is getting through this year's harvest season, achieving the yields expected and continuing to build on the demand-side momentum for advanced genetics.

In terms of immediate or short-term cash flow initiatives, we continue to focus on reducing discretionary costs and capital expenditure, leveraging available government funding programmes to mitigate any disruptions from Covid-19, streamlining R&D spend, and optimising our assets to improve cash flows. An example of the last point is the acquisition of the property where ArborGen's headquarters is located in South Carolina which has allowed us to decrease our annual occupancy cash costs.

Turning then to current year projected **Earnings**. As noted in the Chairman's letter in our 2020 Annual Report, we expect US-GAAP underlying earnings for fiscal year ending March 2021, to be higher than the \$9.3 million reported for the prior March 2020 fiscal year, subject to any uncontrollable factors including any impact from Covid-19.

In New Zealand and Australia where the lifting season is now nearly complete, sales are expected to be close to plan.

And in our single largest market, the United States, where lifting typically commences in December, we now have confirmed sales orders for over 90% of our seedlings in the ground. Advanced genetics sales in the US are expected to be relatively flat on the prior year due to seed constraints. While there has been some uncertainty recently regarding the government's announced ban on new visas to H2-B workers, who represent an important seasonal migrant labour source during the seedling lifting and planting season, we are pleased to confirm that the Department of State recently issued a National Interest Exemption for H-2B applicants to facilitate the United States' immediate and continued economic recovery. H-2B applicants working in forestry are considered essential workers and have been given an exemption from the ban.

In Brazil, while pine sales have been solid, ArborGen's eucalyptus sales have to date been affected by the impact of Covid-19 in the region. To mitigate any losses this fiscal year, ArborGen continues to grow its customer base by leveraging its expanded advanced genetics portfolio and reduce expenditure wherever it can. With eucalyptus seedlings having a 3-4 month production cycle, we are hopeful that a portion of the sales lost to date will be

recovered by fiscal year-end. Having said that, we are mindful of the dynamics in Brazil in the current Covid environment.

I will conclude by reiterating that we continue to believe the foundation is firmly in place for ArborGen to offer significant value to shareholders in the future. We are committed to achieving this and are fully aware that the best way to achieve this is via share price performance driven by earnings and cash generation. Needless to say our share price performance is extremely disappointing, however as ArborGen continues to demonstrate improved earnings and cash flows this year and next year, we are confident that the significant gap between the business' underlying value and the share price will close. As Chairman, and a major shareholder, I can assure you that I am very focused on share price appreciation.

Thank you – that ends my formal comments today.

I will now respond to the questions that have come through online. If you are yet to submit your question, click on the speech bubble icon – when the new window opens, type in your question at the bottom of the screen. For questions relating to the actual resolutions, we'll respond to these as we deal with each of the resolutions in turn.

Questions

Resolutions and Voting

Ladies and Gentlemen, on the basis of the number of postal votes and directed proxies received, all resolutions have been carried today.

Again, I thank you for joining our virtual meeting today and for your questions, and now declare the meeting closed.

Thank you, and stay safe.