Andrew Baum – CEO's address

[Slide 8]

Thank you David and welcome to our shareholders joining us today. As always, it is a pleasure speaking to you again, although I regret that Covid-19 border restrictions have once again prevented me from doing so in person.

[Slide 9 – Our vision]

Our vision remains to build a global, high growth business by developing and selling proprietary advanced genetics tree seedlings that offer "step changes" in productivity and deliver significant value to forestry landowners.

[Slide 10]

We are the largest tree seedling provider in some of the biggest forestry markets in the world, and our technology and products are transforming the forestry sector, delivering bigger and better trees, faster.
Our strength is built on decades of investment in research, intellectual property and people capability and no other competitor can match our advanced genetics programme's depth or breadth.
Proven performance of our advanced genetics seedlings at commercial scale, combined with active forestry markets, are providing strong tailwinds to market adoption of our higher value seedlings.
The value story for our business is now becoming clear, with accelerating momentum and positive market conditions setting the path for strong growth in FY22 and beyond.

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Our strengthening position is translating into results.

As noted in our Annual Letter to Shareholders in May, the fiscal year ending 31 March 2021 proved to be one of the most challenging periods we have ever experienced, with the global Covid pandemic materially affecting sales in two of the three regions in which we operate – the United States and Brazil. That said, and bearing in mind the unprecedented challenges faced, we are extremely pleased with the solid year-over-year performance for the period.

We have already provided detailed information on our FY21 results in our market announcements and annual report.

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In summary, the Group reported –

- Seedling sales' volumes of 391 million units, down approximately 10% on prior period, mainly due to the impact of Covid-19. Prior year extreme weather and unusual biological events in 2018 also constrained MCP seed supply and sales. Pleasingly, however, some of our younger orchards are now entering their productive life, and increased bagging and pollination activity is driving a marked increase in our future supply.
- Revenue was $52.7 million, 7% down on the prior period, largely due to the impact of Covid in the US and Brazil.
- Operating earnings (before Covid-related government grant income and costs incurred) were $2.6 million, up $0.2 million on the prior period.
- Net earnings improved by $5.9 million to $3.2 million.
- Net cash from operating activities doubled to $9.9 million, from the $4.8 million in the prior period (including Covid-related grants and costs).
- Net debt reduced to $27.4 million, from $29.6 million in the prior period. The main use of cash during the period related to the continued working capital build in US MCP seed supply for future periods with MCP bagging and pollination activity 35% higher than the prior period.

ArborGen reported a record US-GAAP EBITDA result of $11.3 million (excluding corporate costs of $1.3 million) – more than double the US-GAAP EBITDA reported in the prior period of $5.4 million. During the period ArborGen received $4.7 million of government grants (including $4.3 million from the US Small Business Administration) of which $3.7 million was recognised as Other Income in the twelve-month result. Partially offsetting this was $1.7 million of Covid non-recurring expenses relating to seedlings write-offs and incremental expenses incurred in the period. Note though that margin lost on seedlings written-off have not been included in non-recurring expenses, and are instead in (and effectively reducing) US-GAAP gross margin.

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The fact we were able to achieve these results in the context of the unprecedented global conditions in FY2021 speaks to the strength of ArborGen, its superior product portfolio and team.

These results also demonstrate the progress that we are making in implementing our strategy of transforming forest productivity through the conversion of seedling markets to advanced genetic products, especially in the United States. Beyond the tremendous benefits these transformative products offer our customers they create substantial value for ArborGen, as they generate dollar margins that are four to eight times that of non-advanced genetic products.

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This strategy is underpinned by the following:

- We are the leading commercial supplier of advanced genetic tree seedling products in the world with customers ranging from small landowners who will plant 20 acres once every few years to large forest landowning financial organizations that plant tens of thousands of acres every year.

- The depth and breadth of our product portfolios and technology platform.
- Our extensive production operations throughout the US South,
- And our superior sales and marketing capability, and product quality testing and R&D sales support services further reinforce our leadership position.

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The core element of our strategy is the conversion of the US loblolly pine market to advanced genetics, and in particular MCP.

Until the 1950's, most commercial pine plantations were planted from seed obtained from pine cones collected from existing plantations and native forests.

In the 1950's the industry began planting orchards using trees that had been identified as good performers in plantations. In these orchards, "father" trees produced pollen that produced pine cones (and ultimately seed) on mother trees. Cones were harvested 18 months later from the mother trees and used to produce seed. Use of these open pollinated seedlings – referred to as OP - resulted in substantial improvements in forest productivity and value. While OP orchards allowed for much better control of the genetics used in plantation forestry compared to the prior approach it was still a very imprecise process. You did not know what trees from the orchard provided the pollen to a given mother and extensive amounts from pollen outside the orchard would pollinate the flowers of mothers in the OP orchards.

[Slide 16 – Video]

[Slide 17]

Beginning in the early 1990's tree improvement programs began to explore the production of hybrid trees where both parents were known, as had been done with corn in the mid 20th century. These efforts focused on two issues. First it was necessary to determine what parents, when crossed together resulted in the most productive offspring, as only a small percentage of crosses will result in progeny with good genetics. Second it was necessary to develop a process to implement the "hybridisation" process at scale. The result of these efforts was the development of Mass Control Pollinated, or MCP, products.

In the production of MCP seed:

- Flowers from the best mothers are bagged prior to pollination
- Pollen is collected from the best fathers
- The pollen is applied to the bagged flowers
- The bags are removed after pollination is complete.

This is all done by people in lifts operating from 40 to 80 feet in the air. This calendar year, in February 2021, we bagged and pollinated approximately 1.5 million trees…the most ever. We expect this number to increase substantially moving forward as the orchards we planted in 2011 and 2012 become fully productive.

[Slide 18]

The impact of MCP genetics on forest productivity is dramatic as shown here. Its use results in the production of bigger, more valuable trees with much greater saw timber potential that can be harvested earlier than OP genetics. When pine trees are harvested those with trunks with good "form"- i.e. trunks that are straight, with no disease, forks or curves, are used for timber. Those that are not of sawtimber quality are used for pulp production. This is of critical importance to forest land owners as sawtimber trees are worth 2-4 times more than pulpwood trees.

Beyond MCP we are also developing "varietals" produced using proprietary production processes that offer even more value to forest landowners.

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We are well positioned for accelerated growth and our MCP strategy plays an important part in this.

- Our advanced genetics are now proven at scale and the transformation to advanced genetics is at an inflection point
- No competitor can match our MCP program's breadth or depth, and we are continuously developing more valuable products
- Our investments in orchard expansions a decade ago significantly increasing our MCP seed supply
- Demographics, global warming and other macro-trends are providing strong tail winds
- Geographic diversity reduces risk

[Slide 20]

What is the value of MCP to the landowner? As shown here MCP offers step-function increases in value to our customers. Demonstrating the value of genetics in forestry is more challenging than in Agriculture where crops are harvested annually.

In agriculture the difference in yields/hectare between two products multiplied by the price per unit of production defines product value and can be measured at the end of every season. For forestry, long harvest cycles (approximately 25 years to final harvest for loblolly pine) multiple intermediate harvests and products of different value (e.g. sawtimber and pulpwood) make determining value of advanced genetic products much more challenging.

To address this the industry has developed an entire analytical framework which uses a discounted cashflow approach that takes all of the input costs (land preparation, genetics, silviculture and harvest costs) and the revenue streams from harvested logs to produce a "bare land value (BLV)" figure. BLVs are **the** tool used by much of the industry in decision making: used to determine how much forest land is worth, what investments to make in silviculture, when to harvest, and increasingly in determining what genetics to deploy.

This slide demonstrates that the value MCP offers forest landowners is dramatic-increasing BLV's by up to 80%. This value is not incremental it is a step function change.

For less sophisticated smaller landowners we use a “cash on cash” analysis to demonstrate value. We have developed a proprietary value calculator which demonstrates that for every dollar invested in advanced genetics you will get a double digit increase in revenue with a cash on cash return of up to 18 times original investment

Again the value offered by MCP is dramatic.

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ArborGen’s MCP sales are at an inflection point – we are now well positioned to reap the benefits from over 20 years of investment in developing best-in-class proprietary MCP products, expanding supply of proprietary genetics through orchards established across the US South, and continued education of the market about the value of MCP products.

We are the preeminent supplier of MCP to the US market, with over 80% share of the addressable MCP market. We are the only company offering MCP products adapted to all the sub-regions of the US market and we offer the largest portfolio of products, including a range of MCP elite and MCP- 2.0 products with unparalleled performance. Importantly, our portfolio is complemented by a product development pipeline that offer even further gains in the years to come.

When we began to implement our strategy in 2012, our goal to convert the market to advanced genetics was complicated by the fact that there were not a lot of commercial stands of MCP based timber that were mature enough to be able to show prospective customers older trees in a commercial setting to prove that MCP offered the benefits we presented. The more progressive Institutional landowners believed based on the data available but many customers, even some relatively sophisticated ones needed to see more hard evidence. Today, with more than 2 million acres of MCP planted, there are stands of over 20 years in every region including extensive thinning data from those stands, making the marketing message much easier. It is no longer believe what we say, it is believe what you see. Today we have customers calling us asking us to visit their MCP stands because they are doing so well, and in some cases even asking if we have signs that they can post on the edges of their stands along roads stating the trees are MCP.

To continue to drive advanced genetic sales moving forward we have a comprehensive marketing and sales program aimed at educating customers about the benefits of advanced genetics based on this now demonstrated performance.

As we have mentioned before, we have invested significantly in expanding the supply of our superior MCP products. As shown here, this historic activity is now bearing fruit. After three years of constrained MCP seed supply due to orchard capacity we are projecting substantial increases in the supply of our proprietary MCP seedlings in the US, particularly in our highest demand US Coastal South and Piedmont markets (the blue portion of each). This is due to our large, younger seed orchards now entering their seed-producing life-stage.

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The cone harvest completed in November 2020 generated a material increase in MCP seed production, particularly in our severely constrained Eastern (Coastal and Piedmont) regions. To clarify, this is seed that was available for sowing in April 2021 to meet seedling sales in the current fiscal year ending March 2022. As a result of the increased harvest, we were able to substantially increase MCP seedling production this year by over 30%, or approximately 30 million seedlings over prior year.

Earlier this year in February, we also completed our best ever number of MCP producing flowers bagged and pollinated – which saw a 35% increase in bagging activity over the prior year. Nearly every orchard surpassed their projected bagging targets. Subject to uncontrollable factors, the increase in the recently completed 2021 MCP pollination activity is projected to produce MCP seed equivalent to over 200 million MCP seedlings in late 2022, which will be available for seedling sales in the fiscal year ending March 2024.

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In addition to growing MCP seed supply, we are also advancing our pipeline of next generation advanced products to ensure we continuously move our customers up the MCP value chain – offering them superior products to increase value and maintaining our strong competitive lead in the market.

We have invested significantly in building the supply pipeline of these products, and we project that the availability of the higher-value MCP products such as MCP-Elite and MCP-2.0 where we have a very strong competitive advantage, will increase substantially over the next five years. Beyond the value these products offer to our customers these MCP-Elite and 2.0 products offer ArborGen even better margins than our MCP Advanced and Select products.

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Outside of traditional forest markets, the increasing emphasis on the role trees can play in offsetting carbon emissions is creating new opportunities for us.

ArborGen is well placed to benefit from the increasing focus on climate change by consumers, investors, companies and regulators.

For example, Microsoft has vowed to be carbon negative by 2030, while BP aims to be net zero by 2050. Amazon's Climate Pledge invested in Pachama, a technology company that verifies the impact of carbon capture in the world's forests, allowing organizations and individuals to compensate their emissions with confidence by supporting reforestation and forest conversation projects.

ArborGen's near term goal is to be part of the forest carbon solution including participation in reforestation and carbon project providers.

In New Zealand, the increasing value of carbon is driving an expansion in tree planting, and we are already selling seedlings into that new market. We are also beginning to see programs in the United States and Brazil that could have a similar impact on market growth.

Beyond the value our advanced genetics products offer to our customers in terms of improved growth, disease resistance and improved sawtimber potential we believe that ArborGen's more advanced genetics fix or absorb 40% more carbon than traditional seedlings.

We have already developed the methodology to biometrically model sequestration on a genetic level, which is essential for verification.

We are currently developing our strategy for allowing our customers who use advanced genetics to benefit from this aspect of their use. We believe that if and when we are able to obtain this benefit it will create significant opportunities and value for our customers and ourselves.

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Beyond forestry, ArborGen's proprietary [developmental process or] somatic embryogenesis capability, our leading edge biotechnology which we have demonstrated at scale with pine, represents an R&D platform that can be leveraged for the development of new propagation techniques for new crops.

Our in vitro technology and systems are the result of decades of intensive research efforts and investment.

[Slide 26]

As this slide shows, ArborGen's SE [developmental process] technology is highly automated …

In summary, our in vitro and biotechnology capabilities –

- Allow for accelerated scale-up of clonally propagated species ranging from cannabis to sugar cane
- Facilitate virus free propagation of horticultural, tropical and other species
- Enable gene editing programmes in tree crops like avocado, banana, coffee and cacao
- Enable biotechnology based development of forestry species aimed at addressing global climate change. In this respect, we have recently executed an agreement in this space with a US based biotechnology company
- Facilitate the highly controlled production protocols required for cannabis production

ArborGen has worked with several major market players in horticulture and other crops seeking to leverage our capabilities including in sugarcane, avocado and banana.

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Given the nature of our business, we are subject to climatic events that could adversely impact both our seed and seedling production. As outlined in our Annual report, we have developed and implemented number of initiatives and standard operating procedures to minimize these risks.

In regards to seed production, the most important risk mitigation strategy is to build sufficient inventory of reserve seed so that we are not completely reliant on seed harvested each year. We are actively working on building our buffer MCP seed inventory and are projecting to reach our minimum two-years on hand of seed inventory in the next three to four years (we have already begun building inventory in Texas and Arkansas).

Beyond building seed inventory, regional diversity is also an important risk mitigator and we have ten geographically dispersed orchards across the US South.

Moreover, we have a substantial number of younger trees in our orchards aged between seven and twelve years (representing over 60% of our total orchard trees) which are now becoming highly productive, and we continue to plant new trees with improved genetics as older trees are taken out of production.

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In summary, we have systematically laid the groundwork for ArborGen's advanced genetics strategy, and we are now beginning to reap the benefits as we have the supply, capacity, proof of performance and organization to implement our strategy.

Macro trends are in our favour -

- Strong US housing demand expected to grow over the next decade due to a prolonged period of underbuilding; favourable demographics and ageing housing stock
- There is an increase in reforestation and forestation projects to reduce carbon emissions
- Demand is growing for cross laminated timber with a further 200 billion more trees worldwide required by 2030 to meet projected demand
- NZ Government Policy and support of forestry, combined with aging pine plantations, will drive local demand; and
- New pulp mills in Brazil with strong demand for eucalyptus based pulp and charcoal products will increase regional demand for our seedlings.

We look forward driving the value of ArborGen for our shareholders as we do so. Thanks again for your commitment and confidence.

Thank you.