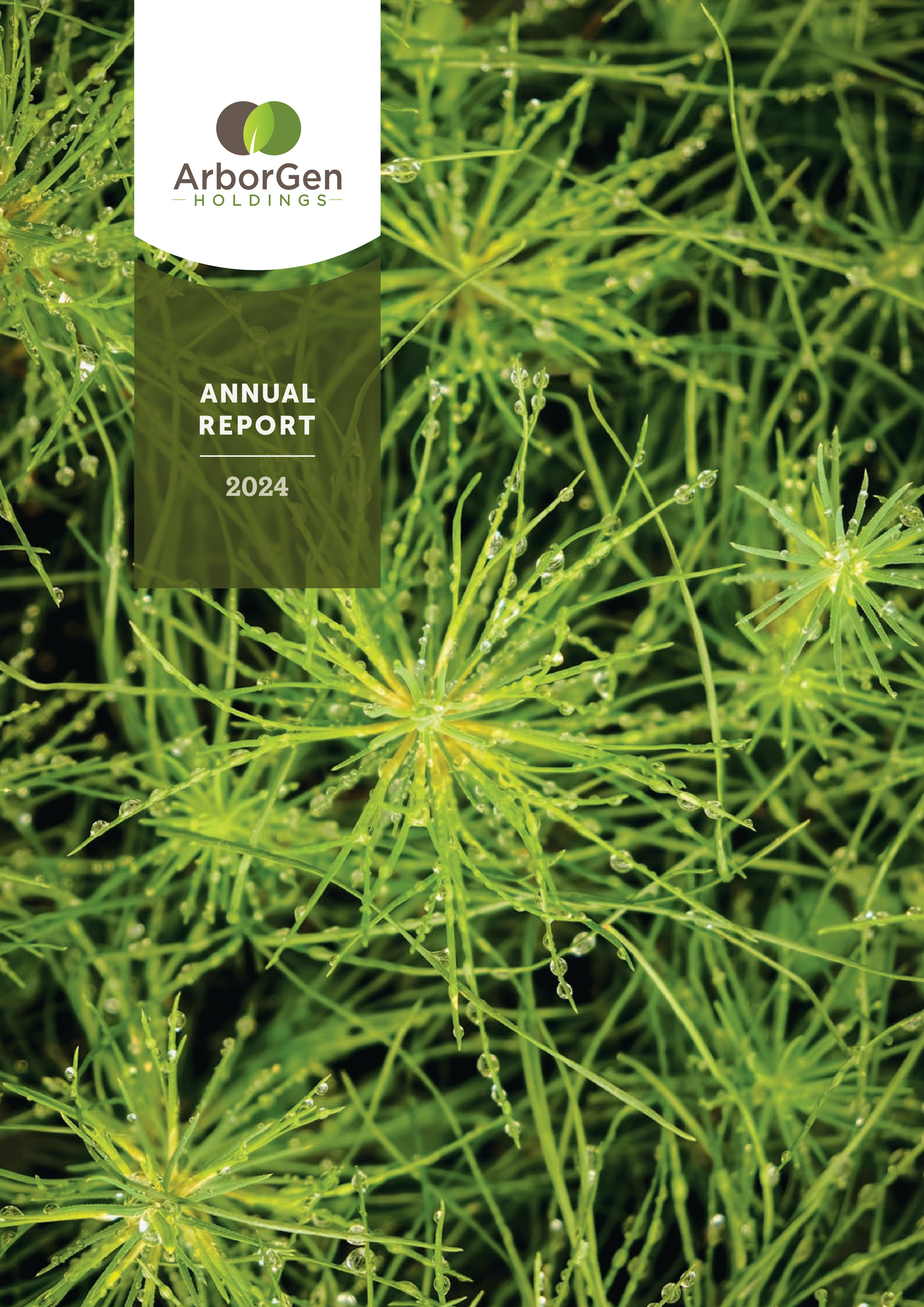

ArborGen
HOLDINGS

ANNUAL REPORT

2024

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There are statements in this Report that are 'forward looking statements.' As these forward-looking statements are predictive in nature, they are subject to a number of risks and uncertainties relating to the Group, many of which are beyond our control. In particular, ArborGen's operations and results are significantly influenced by the general level of economic activity in the various sectors of the economies in which it competes, particularly in the United States and Brazil.

Fluctuations in industrial output and the impact that has on global demand for wood fibre and hence harvest and reforestation levels, government environmental and regional development policies, capital availability, relative exchange rates, interest rates, the profitability of our customers, can each have a substantial impact on our operations and financial condition.

ArborGen-specific risks and uncertainties include (in addition to those broad economic factors noted above) the global markets and geographies in which it operates, intellectual property protection, regulatory approvals, the rate of customer adoption of advanced seedling products, the success of its research and development activities, weather conditions, cone and seed inventory, biological matters, and the fact that ArborGen's annual crops and seed orchards are not the subject of insurance cover.

As a result of the foregoing; actual results, conditions and conclusions may differ materially from those expressed or implied by such statements.

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

From Seedlings to Success

The strategic reset undertaken three years ago is delivering tangible benefits for our company, as we report another year of improved performance and a positive upturn in our financial results. In particular, our growth efforts in Brazil are yielding impactful contributions with record sales, pricing and margins, supported by a solid performance in our longstanding US market.

On behalf of the Board of Directors and management, I am pleased to present ArborGen's Annual Report for the year ended 31 March 2024.

Dave Knott, Chairman

MARKET LEADER IN US SOUTH AND BRAZIL

GLOBAL LEADER IN ADVANCED GENETICS SEEDLINGS

2,000 PLUS CUSTOMERS PER YEAR

c.498 MILLION SEEDLINGS PER ANNUM PRODUCTION CAPACITY

c.20 MILLION CONTAINERISED SEEDLINGS PRODUCED INHOUSE

14 SEEDLING NURSERIES

10 SEED PRODUCING ORCHARDS

709 TEAM MEMBERS ACROSS NZ, US AND BRAZIL

FY24 at a Glance

COMMERCIAL HIGHLIGHTS

- New leadership with the appointment of Justin Birch as Group CEO from June 2023
- Refreshed leadership team with new appointments of General Manager Brazil, Chief Financial Officer and new role of VP Operations North America
- Completed review of business model, strategic initiatives and resources – focus remains on two regional markets, which offer strong growth and commercial prospects for ArborGen

US South

- Solid pricing and margins on subdued volumes
- Industry, weather and economic headwinds impacted the sector
- Strengthened sales team and right sized US operations
- Acquired Jasper Nursery in Texas in 2H24 and closed the Taylor Nursery

Brazil

- Record sales volumes, pricing and margin, with momentum continuing
- Acquired 15 million capacity eucalyptus nursery
- Investment in internal production capabilities and team

CONTINUED GROWTH MOMENTUM IN BRAZIL WITH **record result**

ACQUIRED **2** NURSERIES IN US & BRAZIL

STRENGTHENED LEADERSHIP WITH **new CEO** & EXPANDED TEAM

STRONG FOCUS ON ADVANCED GENETICS SALES BOLSTERED US PERFORMANCE

YEAR-ON-YEAR **growth** EXPECTED IN FY25

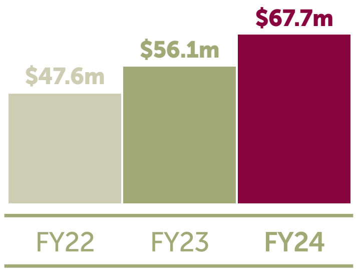
FINANCIAL HIGHLIGHTS

For the 12 months ended 31 March 2024. All percentages compared to prior comparative period (pcp). All dollar values in US currency.

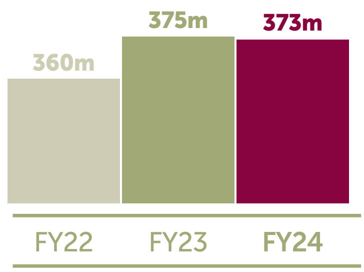
- 21% increase in revenue to $67.7m
- 32% increase in gross profit to $24.0m
- Improvement in NLAT from $2.5m to $0.2m
- Net debt (excluding capitalised leases) of $14.4m as of 31 March 2024
- Record Adjusted US GAAP EBITDA (1) result of $12.8m, up 39% year-on-year and ahead of guidance
- Seedling unit sales of 373 million, consistent with prior year
- Advanced genetics made up 44% of total sales

More information on financial performance can be viewed on pages 11 and 28.

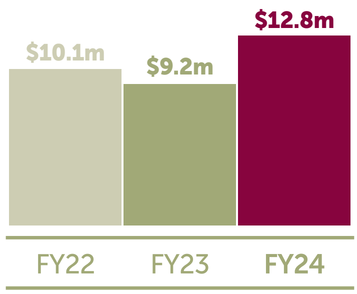
SALES REVENUE ($m)



SALES VOLUMES (m seedlings)



ADJUSTED US GAAP EBITDA ($m)



(1) Adjusted US GAAP EBITDA is a non-GAAP financial measure and excludes one-off and unusual items which may include restructure costs, impairments and write downs on assets, acquisition/sale transaction costs and other one-off items. In FY24, these totalled $5.2m. Additionally, management believes this measure 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 purpose. Refer to page 28 for more information.

44%
OF SALES ADVANCED GENETICS SEEDLINGS

$67.7M
SALES REVENUE

373
MILLION SEEDLINGS SOLD

ADJUSTED US GAAP EBITDA
$12.8M
UP 39%

BORROWINGS REDUCED TO
$20M

Chairman & CEO's Report

"THE 2024 FINANCIAL YEAR HAS BEEN A REWARDING ONE FOR OUR COMPANY, MARKED BY RECORD REVENUE & A RECORD ADJUSTED US GAAP EBITDA RESULT."

Dave Knott – *Chairman*

Justin Birch – *Group CEO*

The strong result highlights the value of the strategic reset undertaken three years ago, which saw us divest our Australasian operations and expand in Brazil, while maintaining our strong presence in our traditional US market.

This has proven to be a winning formula, with Brazil contributing 39% of our seedling sales revenue in FY24, up from 30% in the prior year. Despite the challenging conditions in the US South, which have had ripple effects across the industry, our US business also turned in a satisfactory result with solid pricing and margins delivering a 5% increase in revenue despite reduced volumes.

Cost inflation and economic headwinds have continued and were particularly pronounced in the US. We have responded with a concerted effort to streamline the organisational structure, reduce costs and enhance operating efficiencies. In line with this, the company has entered into a purchase agreement to sell our in vitro business for $4 million with settlement expected at the end of June 2024. The proceeds will be used to pay down debt and allow for investment into growth and productivity opportunities. The in vitro business was acquired by ArborGen in 2000 and was used for the cloning of particular varietals. We no longer consider this technology to be core to our business, which is focused on Mass Control Pollinated (MCP®) advanced genetics seedlings and other varietals for which in vitro technology is not required.

We have also closed our Taylor Nursery in the US. This was originally acquired to support projected demand in South Carolina which has not been realised, in part due to ongoing weather events as well as the economic conditions of South Carolina forestry with multiple mills closing in the area. Together, these two initiatives will free up cash for investment into higher return opportunities and realise around $1m in savings per annum, positively impacting our bottom line.

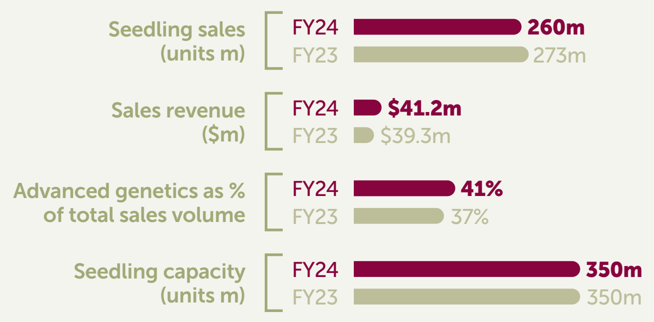
Noteworthy this year was the revitalisation and reinforcement of our leadership team, spearheaded by Justin Birch who commenced as Group CEO in June 2023, followed by several other key leadership appointments.

A review of our business model and strategy has been undertaken, providing us with a clear roadmap to achieve our objectives. Our strategic pathways are focused around our Go to Market strategy and Operating Strength and can be viewed on page 16.

Our overall goal remains steadfast – to drive sales of our advanced genetics seedlings in our target markets, thereby delivering increased value for forest owners and greater returns for our business.

Our focus remains on our two regional markets in the US South and Brazil, where we have identified strong growth and commercial potential for ArborGen, and where we can build on our existing footprint and market share.

US SOUTH: MARKET EXPANSION & MCP ADOPTION



US sales revenue remained strong despite the impact of macro conditions on sales volumes, as we focused on the sale of higher value advanced genetics seedlings.

ArborGen remains a key player in the US South, boasting one of the largest capacities for advanced genetics tree seedlings production, exceeding 350 million seedlings annually. Our strategic focus remains on bolstering the adoption of higher value, advanced genetics seedlings throughout the region.

The market has recently witnessed the closure of several major pulp mills due to historically low pulp prices, thereby reducing processing capacity and the ability to fully harvest crops. Concurrently, subdued demand for saw timber prompted some customers to postpone harvesting, subsequently affecting their demand for seedlings. In addition, wet weather conditions during the summer impeded ground preparation for replanting, while an influx of suppliers added to market complexities.

These conditions had a flow-on effect on US sales volumes for FY24, which were 5% down on prior year. Despite the flat market, we were able to increase our mix of MCP sales and expand margins in FY24.

In 2H24, we acquired the Jasper Nursery in Texas, which we have leased since 2018. The nursery provides production capacity of approximately 30 million seedlings per annum and the acquisition will fortify ArborGen's footprint in Texas. We also further expanded container capacity in Texas and exited the Taylor Nursery in South Carolina.

Emerging carbon market opportunities

We continue to evaluate and progress opportunities in sustainable forestry and the carbon market. Forests have an important role to play in sequestering carbon and ArborGen is uniquely positioned to exploit this opportunity. We are actively engaged with carbon project developers who are pursuing large scale afforestation and reforestation projects in the southern US. While early days, we have one long-term supply arrangement to provide both advanced genetics pine seedlings and hardwood seedlings.

US outlook

Current conditions in the US are expected to continue into FY25. Looking ahead, while we anticipate a return to a more commercial processing cycle for US pulp production, the long-term trend suggests a continued decline. Meanwhile, a recovery in demand for saw timber is projected by 2025.

These market dynamics support ArborGen's go-to-market story. Our advanced genetics seedlings offer customers the opportunity to achieve higher yields and returns from premium grade timber, meeting the growing market demand.

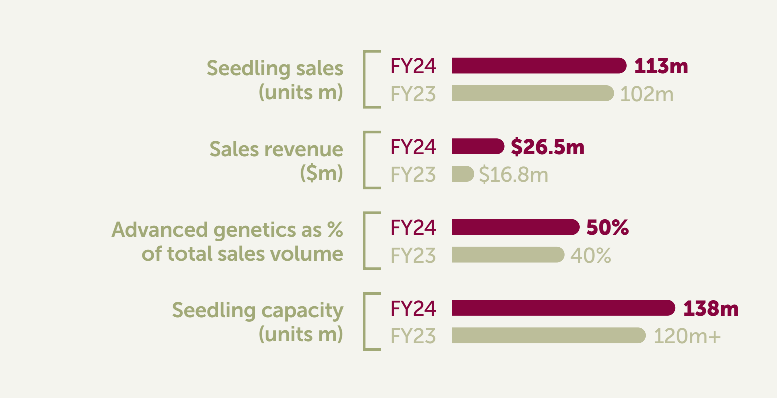
We are concentrating our efforts on sales of our highest value products. The introduction of new sales terms and a pricing review will also bolster our US performance.

We are well situated in regions which offer high potential. We remain focused on thoughtful growth, optimising our existing footprint while recognising the capital expenditure requirements for further growth.

The 2023 cone harvest was lower than expected due to the freeze event in late 2022. This will result in a higher cost of seed to plant in FY25. Nonetheless, we maintain sufficient inventory to meet projected customer demand.

With an intensified sales focus and energy, we aim to maintain our market share, continue the shift to higher value products and grow our margins.

BRAZIL: OPPORTUNISTIC & MEASURED EXPANSION



Brazil has continued its positive track record and delivered another record result, with volume growth bolstered by strong pricing and margins.

In Brazil, we are leveraging our strong position in the pine and eucalyptus seedling markets to build a sustainable, highly profitable business. We are replicating our US strategy to convert the market to products with superior genetics and are now one of the largest commercial suppliers in the country. While we are developing more new protected clones, unprotected market clones (with no royalties) are still a large and profitable part of our Brazil business.

Brazil is the world's largest producer and exporter of hardwood pulp, with rapid expansion in production capacity in recent years. As a consequence, demand for eucalyptus seedlings is projected to be 1.2 billion seedlings per annum for the next few years. However, this growth in demand is accompanied by a decline in yields per acre, attributable to environmental and weather-related factors. Consequently, the market is seeking new clones with higher yields that are also more resilient. This presents an opportune landscape for ArborGen.

Our superior trees offer higher yields and higher wood density than standard market clones, improved disease and insect resistance, and good drought tolerance.

Consistent with our growth aspirations, we have been expanding our production capacity. This now sits at over 135 million seedlings per year, through our own nurseries as well as contract growers. In August 2023, we announced the acquisition of an additional eucalyptus nursery business for approximately US$3m to be paid over seven years, with ArborGen taking control from early October 2023.

To bolster our operations in Brazil, we have made several new team appointments, including a Head of Product Development. We believe there is significant room for innovation in eucalyptus and pine tree improvement and are building a comprehensive programme, from development to commercialisation.

Brazil outlook

We are excited about the potential to continue our growth momentum in Brazil and anticipate another strong performance in FY25.

Significant increases in production across the industry has seen a moderation of the high prices achieved in FY24, however, pricing and demand for protected clones remains high. We are moving quickly to leverage this demand, with investment into nurseries and orchard development to transform more product from market (unprotected) to protected clones. Given the longer-term nature of AborGen's business, the benefits of this investment will be seen from FY26 onwards.

While a significant portion of our protected clone sales in Brazil currently stem from licensed products, our strategic trajectory involves leveraging our expertise to build our product development of proprietary ArborGen genetic seedlings as well. Protected clones, either proprietary or licensed that are sold by ArborGen, deliver superior prices, margins, and sales stability compared to commodity clones.

We are evaluating opportunities to further expand production to meet growing demand in Brazil. In addition, we have identified promising opportunities across the broader South America region.

OPTIMISE TOTAL PRODUCTIVITY

Over the past year, a significant focus of our management effort has been on formalising productivity strategies and procedures throughout our organisation. This comprehensive approach has encompassed initiatives such as continuous improvement training, the establishment of standardised KPIs to monitor progress, enhancements to inventory systems, and the refinement of our long-term nursery production strategy.

Additionally, we have been collaborating closely with our customers to develop a model that more effectively aligns risk ownership between both parties within the sales process.

Internally, our dedicated teams have been tasked with identifying opportunities for cost savings and operational efficiencies, ensuring that we maintain a streamlined and efficient operation across all facets of our business.

Continuing our commitment to innovation, we are actively exploring new equipment, technologies, and tools to further boost our productivity. For instance, we are preparing to trial new pollen guns this season, designed to precisely apply the optimal amount of pollen to each bag. Our focus during these trials will be on achieving reduced costs while enhancing effectiveness.

PRODUCT DEVELOPMENT: FOCUS ON MARKET DRIVEN GENETICS FOR THE FUTURE

Our commitment to advancing genetics remains steadfast as we strive to introduce new varieties boasting heightened levels of disease and insect resistance, coupled with superior wood quality marked by increased density and stiffness.

New genetics are essential to maintaining a competitive advantage. We are introducing new selection techniques, testing and analysis to increase our ability to develop superior proprietary genetics to our customers more quickly.

More than 47,000 seedlings were grown for research and development in FY24, encompassing internal trials and university co-operative trials.

New orchard blocks have been established for coastal advanced generation MCP trees. These will begin producing cones and seed at scale in 2030.

In addition to our proprietary products, we continue to forge partnerships by licensing and selling genetic materials from other companies. Throughout the year, we renewed existing partnerships and established new ones, further enriching our genetic portfolio.

To bolster our product development endeavours, we have reinforced the product development team with new appointments in both the US and Brazil and increased collaboration between regions to share knowledge and learnings.

STRENGTHEN THE ORGANISATION & DEVELOP A PERFORMANCE CULTURE

New management has led a review and refresh of our purpose, mission, values and culture. These foundational elements are paramount in fostering the optimal performance of our business and team.

In alignment with our operational base, we have transitioned some roles from New Zealand to the US, reflecting our strategic focus.

Central to our success is our dedicated team. Over recent months, we have welcomed a cadre of skilled individuals, and our team now comprises expert, experienced individuals who are contributing to the growth and success of our business. We are implementing initiatives to better connect our team with our corporate objectives, thereby bolstering company performance.

An important investment in the last year has been the introduction of new customer management software. This is providing an improved ability to track and expand our universe of potential clients, given the fragmented land owner base and long-term cycles of investment.

SEED PRODUCTION & INVENTORY

We continually monitor and review our seed orchards, production capacity and inventory to ensure we have adequate supply to produce the demand for advanced genetics seedlings, as well as at least two years' buffer seed to reduce reliance on single year cone harvests.

As customers shift to advanced genetics, the supply of Open Pollinated (OP) seed required to meet demand continues to decrease. In line with this, a decision was made to cap the number of years of supply maintained for lower grade genetic seed. A clean up of our seed inventory has been undertaken, resulting in a non-cash $1.8m provision for older, low demand and low quality seeds. This strengthens the overall value of the remaining seed and frees up space for higher value and higher demand seed.

In FY24, ArborGen achieved modest overall MCP seed production in the US, with cones harvested in October 2023 producing a seed equivalent of 114 million seedlings.

OUTLOOK

ArborGen is undeniably a market leader in advanced genetics seedlings. Our products are proven game changers for forestry and land owners.

Looking to FY25, we expect ongoing momentum in Brazil, while the current conditions impacting US sales are expected to continue resulting in flat year-on-year sales volumes.

Our team remains focused on transitioning customers to higher value products, and we will continue to expand our production capacity to meet demand, particularly in Brazil.

The increased investment into the expansion of our team, nursery improvements and other strategic initiatives will be reflected in the FY25 year. This will be partially offset by savings from the ongoing cost reduction programme including savings from the closure of the Taylor Nursery and the sale of the in vitro business.

Your Board and management team remain focused on achieving our strategic goals and delivering value to our shareholders.

We would like to thank our team, our customers, suppliers and shareholders for their support.

Our team is growing and we would like to acknowledge and thank both new and existing team members who are making our business a success. We are privileged to have the trust of our customers and are committed to continuing to deliver high quality products and service that meets their needs.

ArborGen is a market leader, has a robust strategy in place and identified growth opportunities. Our momentum is building and we are looking forward to another strong year in FY25.

Dave Knott
Chairman

Justin Birch
Group CEO

Financial Performance

We were pleased to deliver a strong result with record revenue and record Adjusted US GAAP EBITDA.

Revenue grew strongly year-on-year and was up 21% to $67.7m. This was driven by a strong performance from Brazil, with US sales also up on the prior year. This was despite the impact of macro conditions on sales volumes, as our team focused on the sale of higher value advanced genetics seedlings.

Gross profit improved 32% to $24.0m. The results include one-off and unusual transactions of $(4.7)m, comprising: a non-cash $1.8m provision for obsolete seed inventory, a non-cash $1.0m VAT valuation allowance, $1.9m CEO transition costs, the majority of which were non-cash equity grants, (itemised as CEO transition costs, seed review and other in the Financial Statements). There were also other restructuring costs of $0.5m, taking the total one-off cost to $(5.2)m. The CEO's remuneration package reflects market rate and includes an equity portion which allows the company to conserve cash for ongoing growth and maintenance capex, and further aligns the CEO's interests with shareholders and incentivises performance.

Excluding total one-off and unusual transactions, Adjusted US GAAP EBITDA was a record $12.8m, compared to $9.2m in the prior year. Including these transactions, US GAAP EBITDA was $7.6m, down 26% from $10.3m in the prior year.

Cash flow and balance sheet

Net debt was $14.4m as of 31 March 2024, a $1.4m increase on the prior year. This reflects the warrant repurchase [1], capital expenditure, interest expense and taxes, along with favourable working capital movement from the higher collection of receivables in the US.

As previously communicated, in May 2023 ArborGen repurchased all outstanding warrants, equating to approximately 5% of ArborGen Inc (a wholly owned US subsidiary of ArborGen Holdings) fully diluted common stock for $1.4m. The purchase price represented a significant discount and was in cash.

Cash and cash equivalents was $5.6m at 31 March 2024.

Capital expenditure of $5.4m includes the purchase of the Jasper Nursery and further expansion of container capacity at two of our nurseries in the US, while cash flow was positively impacted by timing of ERC payment receipts and working capital movements.

During the year, as part of our strategic pillar to optimise productivity, we conducted a review of assets within our business, to ensure these meet the Board's investment criteria and provide value for shareholders. In line with this, we elected to exit the Taylor Nursery and subsequent to year end, sell the in vitro business.

(1) See Note 20 in the Financial Statements for more information on the Warrant Repurchase.

Leading Our Business

MEET OUR EXECUTIVE TEAM

The executive team has been strengthened and revitalised with the appointment of Justin Birch as CEO, as well as other key senior roles. Each member of our leadership team brings to the table a wealth of expertise, experience, and industry knowledge that is invaluable to ArborGen. Their collective insight and proficiency will serve as a cornerstone of our success, as we navigate the evolving landscape of our industry and pursue our strategic objectives.

Justin Birch
Group CEO

Joined: June 2023

Adriano Amaral de Almeida
General Manager, Operations, Brazil

Joined: August 2023

Christina Green
Chief Financial Officer

Joined: March 2024

Timothy Spreier
Vice President of Operations

Joined: March 2024

Kathy Parker
Vice President, Finance & Accounting

Joined: November 2007

Cathy Quinn
Director, Marketing & Communications

Joined: May 2009

Patrick Cumbie
Director, Product Development

Joined: July 2010

Jason Watson
Director, US Sales

Joined: August 2012

INTRODUCING

As part of the strengthening of the leadership team during the year, ArborGen was pleased to welcome Christina Green as CFO and Tim Spreier as VP of Operations.

CHIEF FINANCIAL OFFICER
CHRISTINA GREEN

In March 2024, Christina joined ArborGen as Chief Financial Officer, based at our headquarters in Ridgeville, South Carolina. She now leads our finance team, guiding the company as we advance our strategic initiatives in the United States and South America. Additionally, she oversees our investor relations activities.

Christina has a wealth of experience in business and finance, spanning a diverse array of global and US enterprises. Prior to joining ArborGen, she served as CFO for a non-profit organisation focused on investment in bioscience and agriculture start-ups. Her career includes 24 years at Monsanto (now Bayer), a publicly listed agricultural and biosciences company, where she held various positions in financial planning and analysis, research and development within the technology team, and managing partnerships and acquisitions. Beyond her corporate roles, she has owned and operated a franchise restaurant and ran her own consulting company focused on life coaching.

She is also dedicated to volunteering as Vice Chair of Strategic Planning on the board of Easter Seals Midwest, deriving great satisfaction from her role. This charity supports individuals with disabilities and their families, providing services such as child development centers, physical rehabilitation, job training, helping them overcome challenges and achieve personal goals.

Christina holds an MBA from Washington University and a bachelor's degree in accounting from Southern Illinois University. Her astute financial leadership will greatly contribute to ArborGen's continued success.

VICE PRESIDENT OF OPERATIONS
TIM SPREIER

We were pleased to welcome Tim in March 2024, to the new role of Vice President of Operations. Tim has a strong expertise in operational and supply chain management, as well as continuous improvement. His strategic acumen has consistently driven significant business development and operational efficiencies.

Tim was most recently Director of Operations at Lipman Family Farms, where he managed all facets of a $600 million annual operation encompassing growing, packing, shipping, distribution, processing, and manufacturing of fruits and vegetables in the US and Mexico. His responsibilities included proactive management of P&L performance, operations, supply chain management, sales, logistics, and new business development, with a strong emphasis on ongoing process improvement.

At ArborGen, Tim’s primary focus for the nurseries and orchards are cost reductions, efficiencies and procurement. He is also leading our ESG efforts with a focus on safety and team development, and will spearhead our climate change initiatives, leveraging his vast experience to drive our sustainability efforts forward.

Tim holds a Bachelor of Science degree in Business Administration from Kansas State University. Additionally, he has earned certification from the United States Department of Agriculture (USDA) Agricultural Marketing Service Grade Standards and the Hazard Analysis and Critical Control Points (HACCP) Certification.

Our Business

"OUR SCIENTIFICALLY PROVEN RESULTS & STATISTICAL DATA SHOW WITHOUT A DOUBT THAT WHEN IT COMES TO SEEDLINGS, CHOOSING THE BEST – THE MOST ADVANCED SEEDLING GENETICS YOU CAN GET – IS THE WISEST FINANCIAL CHOICE A CUSTOMER CAN MAKE."

ARBORGEN'S ADVANCED GENETICS SEEDLINGS DELIVER INCREASED VALUE FOR FOREST OWNERS

ArborGen is undeniably a market leader in advanced genetics seedlings.

We help landowners ensure the maximum productivity of their forests – providing outstanding growth and yield to address the world's growing need for wood, fibre and fuel.

Our high-value products significantly improve the productivity of a given acre of forestry land and are transforming the forestry industry.

WE HAVE LARGE OPPORTUNITIES IN GROWTH MARKETS

We are focused on two regional markets in the US South and Brazil, where we have identified strong growth and commercial potential for ArborGen, and where we can build on our existing footprint and market share.

WE ARE STRONGLY POSITIONED FOR THE FUTURE

ArborGen has a clear strategy, increasing momentum and a market leadership position. We have a competitive advantage driven by decades of investment in research, intellectual property and people capability.

DELIVERING INCREASED VALUE FOR FOREST OWNERS

ArborGen's advanced genetics seedlings deliver:

BETTER LOG STRAIGHTNESS & REDUCED FORKING

40%+ HIGHER REVENUE

MORE DISEASE RESISTANCE

50%+ GREATER NET PRESENT VALUE

60%+ MORE SAWTIMBER AT FINAL HARVEST

Earlier thinnings mean more revenue sooner for the forest owner.

Greater volume and better logs (higher percentage of sawtimber vs pulpwood) mean more revenue at thinnings and at final harvest for the forest owner.

OPEN POLLINATED (OP) ★★★	MASS CONTROL POLLINATED (MCP®) ★★★★
First thinning about 13 – 15 years	First thinning about 11 – 13 years
First thinning may yield 40 – 50 tons/acre	First thinning up to 52 – 65 tons/acre with up to 30% solid wood potential
Final harvest with 20% – 50% of trees in sawtimber	Final harvest with 60% – 80% of trees in sawtimber
	Total revenue gain > 40%

Our Vision

To be the world-leading provider of value-added, high-quality seedlings for the forestry industry, creating thriving forests that benefit landowners, the environment, and future generations through unmatched industry expertise.

DUAL PATHWAY STRATEGY

Driving growth and leveraging long-term demand trends

GO TO MARKET	OPERATING STRENGTH
Grow demand and sales of higher value advanced genetic seedlings • United States: expand market and increase MCP adoption • Brazil: opportunistic and measured expansion • Focus on market-driven genetics for the future	**Enable a strong foundation for the future** • Strengthen the organisation and develop a performance culture • Optimise total productivity

PEOPLE

An environment where teamwork, diversity, safety and development are valued

SUSTAINABILITY

Supporting the future of forestry through socially and environmentally responsible practices

Our Values

INTEGRITY

We stand by our word and our people

EXCELLENCE

The maximisation and enhancement of all parts of our business

CUSTOMERS

Partnering with our customers to achieve their long-term goals while treating them with honesty and respect




Our Environmental, Social & Governance Report

We are committed to incorporating sustainability into our business practices. Our Environmental, Social and Governance principles provide meaning beyond just commercial gain, and look to how we serve our people, our customers and our shareholders, govern our company and protect our natural environment for now and the future.

	PRINCIPLES	KEY THEMES
ENVIRONMENTAL STEWARDSHIP	**Care for and protect our natural ecosystem**	• Create a thriving and sustainable future for forests • Actively assess, monitor and mitigate climate related risks for our business • Minimise our impact on the environment
POSITIVE SOCIAL IMPACT	**Make a positive contribution to our people, our customers and communities**	• Promote social equity and diversity, promote fair labour practices and ensure the health and safety of our people and contractors • Maintain a performance and growth culture • Foster positive relationships with local communities, and support economic development and job creation
STRONG GOVERNANCE	**Conduct business ethically and in the right way to create a strong organisation that creates sustainable value for our people, shareholders and other stakeholders**	• Transparent reporting and accountability • Compliance with legal and regulatory requirements • Meaningful stakeholder engagement • Long-term planning and risk management • Sustainable financial value

Environmental Stewardship

CARE FOR & PROTECT OUR NATURAL ECOSYSTEMS

Forests have an important role to play in the reduction of greenhouse gas emissions

Advanced genetic trees absorb up to 40% more CO_2 than traditional Open Pollinated seedlings.

In 2023, our conifer seedlings were planted on over 680,000 acres in the US and Brazil. The forests that develop from those seedlings will sequester around 202 million tonnes of carbon over their 25 year life. This is enough to offset the carbon emissions of the entire population of New Zealand for 2.5 years.

Weather risk

Given the nature of our business, ArborGen has a heightened risk posed by extreme weather events, from high winds and tornadoes to flooding and extreme heat. These can affect our orchards, seed production, cone harvest and seedling growth.

As an integral component of our risk management framework, we have initiated strategic measures to both mitigate and offset the potential impact of such events.

One such initiative has been the expansion of the water reservoir at our Inimutaba Nursery. This not only bolsters our resilience but also serves as a vital buffer against production losses stemming from water deficits during periods of climatic stress.

We also mitigate our risk through orchard diversification, both geographically and age class. By recycling older orchards, we can ensure there are younger, more resilient orchards which are better suited to withstand tropical force winds.

Protecting and renewing important or damaged areas

ArborGen hardwood seedlings, such as oaks, ash and tupelos, are often used as part of planting programmes for the protection and renewal of important or damaged areas in projects such as restoring wetlands, reclaiming lands used for surface mining and conserving wildlife habitat. Over the last five years, across ~100,000 acres, 50+ million of our hardwood seedlings, comprising more than 40 different species of hardwoods, have gone into environmental plantings in the US.

Sustainable operations

Our culture of sustainability is built into our operational practices. We follow recommended best practices to minimise chemical usage, runoff and soil erosion. We monitor and manage the use of our natural resources and optimise transport and deliveries to reduce transport emissions. Our seedlings are grown at a very high density, reducing the acreage required.

ArborGen is a member of the Forest Landowners Association and the Forest Resources Association, and a supporter of the American Forest Foundation for family forest owners. Our customers are members of global, national and regional sustainability and environmental forestry organisations, including the Sustainable Forestry Initiative and the Forest Stewardship Council.

Climate-related disclosures

ArborGen remains committed to transparency and responsible corporate governance. This year, for the first time, ArborGen will report against the Aotearoa New Zealand Climate Standards. We will publish our Climate-related Disclosures as a separate document on or before 31 July 2024 and this will be available at www.arborgenholdings.com/sustainability.

Moving forward, ArborGen is dedicated to further enhancing this aspect of our annual reporting, ensuring continued compliance and providing stakeholders with valuable insights into our sustainable practices and climate-related initiatives.

Positive Social Impact

MAKE A POSITIVE CONTRIBUTION TO OUR PEOPLE, OUR CUSTOMERS & COMMUNITIES

ArborGen's culture is defined by the questions that we ask ourselves and each other as we work: *Is it fair? Is it right? Does it help our customer? Am I holding myself and others accountable? Have I been transparent? Is there a better way to perform my task or meet our customer's needs?* These elements inform all our decisions and actions.

Safety and welfare are our highest priority

We aim to provide an inclusive, safe and healthy workplace that supports our team of talented employees, both physically and emotionally.

Our goal is zero accidents. Managers are accountable for the safety of their teams and continually monitor and address any issues. All employees must complete training in at least one safe job procedure per quarter, plus participate in in-person or online training via webinars. In-person training is conducted at each location at least once a year.

To encourage wellness, we offer fitness goal challenges and a wellness benefit to our US employees for reduced insurance premiums once they complete annual fitness exams. We also provide access to a free and confidential employee assistance programme, which provides a broad array of life management and counselling services.

In Brazil, we provide employees with meal cards, meals at work, transport, healthcare assessments and gifts on commemorative days. Company awards celebrate the Best Employee of the Month, and individual development plans are in place for administrative employees.

An inclusive workplace

Our workforce spans a wide range of age, cultural profiles and backgrounds and we have a culture of equity, fairness, and accountability.

We believe in recognising and rewarding the effort of all our people. Ethical labour practices are essential and we pay fair wages and salaries. Pay equity is ensured by conducting remuneration reviews every two years.

At the heart of our organisation is a steadfast commitment to human rights, which guides every aspect of our business. This dedication is not just about compliance or meeting standards; it's about actively fostering an environment where human rights are protected and promoted. We are committed to respecting and fostering human rights within all of our activities.

We celebrate our team and their achievements. We seek to foster a culture where everyone feels they belong and can be their true self at work, supporting them to reach their potential.

Servicing our customers

We are only successful when our customers are. This drives our focus on creating strong and long-term relationships with our customers by understanding and responding to their needs.

We provide seedlings to over 2,000 customers each year, many of whom have been buying from us for decades, as well as expert advice and support.

In each of our regions, our customers range from the largest industrial and financial landowners in the market to small private landowners who only plant occasionally. We have multi-year contracts with many of our customers that call for them to buy all, or a large portion of their seedlings from us every year.

Supporting our communities

Our aim is to have a positive impact on the people and communities around us. Our people are encouraged to participate and contribute to organisations in their community. We provide employment opportunities in our markets, which supports families and their wider communities.

Celebrating Our People

JIM CRITTENDEN

FACILITY MANAGER, SHELLMAN NURSERY, USA

Jim is the esteemed Facility Manager at ArborGen's Shellman Nursery. This facility serves Georgia, the Florida Gulf Coast and Alabama, producing over 70 million pine tree seedlings annually. These seedlings play a crucial role in reforesting land for both industrial and private landowners.

Jim has been a lifelong resident of Shellman, where agriculture is the cornerstone of the local economy. His career in forestry began in September 1996, as a nursery specialist at the Georgia SuperTree Nursery with International Paper. Over the years, he has earned several promotions, culminating in his current role as Facility Manager. Under his leadership, the Shellman facility has produced over 1.75 billion seedlings.

Jim finds great satisfaction in his work, stating, "A joy of mine is knowing that I can supply our customers with products that I believe in completely. My hope is that I can continue doing what I love — growing baby trees — for years to come. What we do is truly good for the world, and there is certainly nothing greener!"

Jim studied at Abraham Baldwin Agricultural College, bringing both academic knowledge and practical experience to his role. His dedication to agriculture and the environment continues to drive the success of our operations at the Shellman facility.

LAIS MADASHI

EUCALYPTUS OPERATIONAL MANAGER, BRAZIL

Laís hails from a family with over 15 years of experience in the seedling business. Growing up in Ibaté, a small town in São Paulo, she was introduced to the production of eucalyptus seedlings through her family's nursery.

Laís holds a Bachelor's degree in Agronomic Engineering from the University of Garça. Following her graduation, she spent two months in London, UK, enhancing her English language skills.

Upon returning to Brazil, Laís began her professional journey at Camará Nursery, one of the most renowned nurseries in the country, recognised for its seedling quality. After two years, she joined ArborGen in 2015 as a Eucalyptus Seedling Production Supervisor at the company's first nursery in Brazil, located in Luís Antônio, São Paulo.

In 2020, Laís was promoted to Eucalyptus Sales Coordinator, where she achieved remarkable results and significantly contributed to ArborGen's growth in Brazil. By the end of 2023, she was promoted again, this time to Eucalyptus Operational Manager. In this role, she oversees the management of seven nurseries and the production and sales of over 100 million eucalyptus seedlings across all regions of Brazil.

Throughout her nine years at ArborGen, Laís has consistently delivered outstanding results. We are immensely proud and grateful to have Laís as a vital member of our team.

Strong Governance

CONDUCT BUSINESS ETHICALLY AND IN THE RIGHT WAY TO CREATE A STRONG ORGANISATION THAT CREATES VALUE FOR OUR PEOPLE, SHAREHOLDERS & STAKEHOLDERS

ArborGen has a strong Board that provides robust governance and oversight of our strategy and organisation.

We report on our corporate governance framework and practices each year in our Annual Report. This can be viewed on pages 61 to 74. Key governance documents are available for viewing on our website.

ArborGen's Board comprises experienced Directors with a range of skills and expertise that are of benefit to our company. Director profiles can be viewed online at www.arborgenholdings.com/board-of-directors.

OUR BOARD

David Knott – Chairman[1]
Appointed 19 August 2021

George Adams – Independent Director
Appointed 12 August 2019

Thomas Avery – Independent Director
Appointed 18 July 2018

Ozey Horton – Independent Director
Appointed 11 July 2018

Paul Smart – Independent Director
Appointed 21 August 2018

(1) The Board has determined that Mr Knott is not an Independent Director as defined under the NZX Listing Rules because he is a substantial product holder of the Company.

Adjusted US GAAP Reconciliation

Fiscal year ending March US$m		March 2024	March 2023
US GAAP			
	Revenue	67.7	56.1
	Gross Margin (excluding DDA)	25.4	19.6
Less	SG&A	(9.4)	(7.4)
Less	R&D	(3.7)	(3.4)
Plus	Other Income (expense)	(4.7)	1.5
US GAAP EBITDA (2)		**7.6**	**10.3**
Adjustments -			
	Restructuring and transition costs (3)	2.4	
	Seed provision	1.8	
	Value added taxation – value allowance	1.0	
	ERCs (net of costs)		(1.2)
	Other		0.1
Adjusted US GAAP EBITDA (1) (4)		**12.8**	**9.2**

1. The classification and treatment of expense items, other significant items, leases and R&D costs in this table may differ under US GAAP from what is presented in the financial statements on pages 31-57.
2. US GAAP EBITDA excludes NZ public company costs.
3. Restructuring and transition costs includes; CEO transition costs of $1.9 million and other restructuring costs of $0.5 million.
4. Adjusted US GAAP EBITDA excludes NZ public company, CEO transition, Seed provision and Value added taxation valuation allowance and other restructuring costs.

The Company 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.

IFRS EBITDA vs US GAAP EBITDA: In contrast with US-GAAP, IFRS requires the capitalisation of ArborGen's development spend, the amortisation of intellectual property, the accrual of the change in fair value of biological assets on the seedling crop each year prior to its sale, and the differences in accounting for leases. Because of these differences, US GAAP results, and in particular 'Adjusted US GAAP EBITDA' cannot be easily derived from reported IFRS numbers.

DDA: Depreciation Depletions and Amortisation
SG&A: Selling, General and Administrative
ERCs: Employee Retention Credits

Financial Statements

FOR THE YEAR ENDED 31 MARCH 2024

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2024

	Notes	Year ended March 2024 US$m	Year ended March 2023 US$m
Revenue	24	67.7	56.1
Cost of sales	7	(43.7)	(37.9)
Gross profit		**24.0**	**18.2**
Intellectual property amortisation	7	(7.7)	(7.6)
Administration expense		(11.8)	(9.0)
Operating earnings excluding items below		4.5	1.6
CEO transition, seed review and other	7	(4.7)	0.6
Operating profit (loss) before financing expense		**(0.2)**	**2.2**
Financial income		0.4	0.1
Financing expense		(1.8)	(1.4)
Profit (loss) before taxation		**(1.6)**	**0.9**
Tax benefit (expense)	8	1.4	(3.4)
Net earnings (loss)		**(0.2)**	**(2.5)**

Earnings (loss) per share information (cents per share)		
Basic	–	(0.5)
Diluted	–	(0.5)
Weighted average number of shares outstanding (millions of shares)		
Basic	505.8	502.4
Diluted	509.0	506.6

The accompanying notes form part of, and are to be read in conjunction with, these financial statements.

ArborGen Holdings Limited and Subsidiaries

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2024

	Notes	Year ended March 2024 US$m	Year ended March 2023 US$m
Net earnings (loss)		**(0.2)**	**(2.5)**
Items that may be reclassified to the Consolidated Income Statement:			
Movement in currency translation reserve	20	0.2	(0.3)
Movement in hedge reserve	20	(0.1)	0.4
Other comprehensive earnings (loss) (net of tax)		**0.1**	**0.1**
Total comprehensive earnings (loss)		**(0.1)**	**(2.4)**

ArborGen Holdings Limited and Subsidiaries

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2024

	Notes	Year ended March 2024 US$m	Year ended March 2023 US$m
Total comprehensive earnings (loss)		**(0.1)**	**(2.4)**
Movement in ArborGen Holdings shareholders' equity:			
Movement in issued capital	19	0.4	0.2
Movement in share-based payment reserve	20	0.5	0.1
Repurchase of warrants	20	(1.4)	–
Total movement in shareholder equity		**(0.6)**	**(2.1)**
Opening group equity		149.3	151.4
Closing group equity		**148.7**	**149.3**

The accompanying notes form part of, and are to be read in conjunction with, these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2024

	Notes	Year ended March 2024 US$m	Year ended March 2023 US$m
Cash was provided from operating activities			
Receipts from customers		67.1	55.1
Cash provided from operating activities		67.1	55.1
Payments to suppliers, employees and other		(54.1)	(48.3)
Tax paid		(1.3)	(0.3)
Cash (used in) operating activities		(55.4)	(48.6)
Net cash from (used in) operating activities		**11.7**	**6.5**
Interest received		0.4	0.1
Investment in fixed assets	13	(2.9)	(2.2)
Investment in intellectual property	15	(3.7)	(3.4)
Net cash from (used in) investing activities		**(6.2)**	**(5.5)**
Debt drawdowns	18	13.2	–
Repayment of lease liabilities		(3.7)	(1.1)
Debt repayment	18	(18.9)	(1.0)
Interest paid		(1.8)	(1.4)
Repurchase of warrants	20	(1.4)	–
Net cash from (used in) financing activities		**(12.6)**	**(3.5)**
Net movement in cash	9	**(7.1)**	**(2.5)**
Opening cash, liquid deposits and restricted cash		12.7	15.2
Closing cash, liquid deposits and restricted cash	9	**5.6**	**12.7**
Net earnings (loss) after taxation		(0.2)	(2.5)
Adjustment for:			
Financial income		(0.4)	(0.1)
Financing expense		1.8	1.4
Depreciation and amortisation		11.6	10.2
Tax (benefit) / expense		(1.4)	3.4
Foreign exchange		0.1	(0.4)
Other non cash items		0.1	(0.1)
Cash flow from operations before net working capital movement		11.6	11.9
Trade and other receivables		1.4	(3.2)
Inventory		(3.5)	(4.3)
Trade and other payables		3.6	2.4
Net working capital movement		1.5	(5.1)
Cash tax paid		(1.4)	(0.3)
Net cash from operating activities		**11.7**	**6.5**

The accompanying notes form part of, and are to be read in conjunction with, these financial statements.

CONSOLIDATED BALANCE SHEET

AS AT 31 MARCH 2024

	Notes	March 2024 US$m	March 2023 US$m
Current assets			
Cash and liquid deposits	9	5.6	12.7
Trade and other receivables	10	12.6	14.0
Inventory	11	35.1	31.6
Total current assets		**53.3**	**58.3**
Non-current assets			
Fixed assets	13	36.6	33.5
Derivative financial instruments	5 & 27	0.6	0.7
Right-of-use assets	14	7.1	4.9
Intellectual property	15 & 16	88.9	92.9
Deferred taxation asset	12	10.8	9.5
Total non-current assets		**144.0**	**141.5**
Total assets		**197.3**	**199.8**
Current liabilities			
Trade, other payables and provisions	17	(14.3)	(10.8)
Current lease obligation	22	(1.5)	(0.8)
Current debt	18	(1.2)	(8.1)
Current taxation liability		(0.6)	(0.5)
Total current liabilities		**(17.6)**	**(20.2)**
Term liabilities			
Term debt	18	(18.8)	(17.6)
Lease obligation	22	(5.2)	(4.1)
Deferred taxation liability	12	(7.0)	(8.6)
Total term liabilities		**(31.0)**	**(30.3)**
Total liabilities		**(48.6)**	**(50.5)**
Net assets		**148.7**	**149.3**
Equity			
Share capital	19	203.4	203.0
Reserves	20	(54.7)	(53.7)
Total group equity		**148.7**	**149.3**

Dave Knott
Chairman of the Board

Paul Smart
Audit Committee Chairman

30 May 2024

Both of the above signatories certifies that these financial statements comply with New Zealand generally accepted accounting standards and present a true and fair view of the financial affairs of the ArborGen Holdings Group.

The accompanying notes form part of, and are to be read in conjunction with, these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

1 General Information

ArborGen Holdings Limited (ArborGen Holdings) is an international forestry genetics business. ArborGen Holdings, a limited liability company incorporated in New Zealand, is listed on the New Zealand stock exchange. As at 31 March 2024 ArborGen Holdings had one investment ArborGen Inc (100%). ArborGen Inc repurchased the 5% of outstanding warrants in May 2023 for $1.4 million.

2 Approval of Accounts

These consolidated financial statements have been prepared on a consolidated Group basis and were approved for issue by the Board of Directors on 30 May 2024.

3 Basis of Presentation

The financial statements presented are those of ArborGen Holdings Limited (the Company) and Subsidiaries (the Group).

Basis of preparation

The Company is an FMC reporting entity for the purposes of the Financial Reporting Act 2013 and Financial Markets Conduct Act 2013.

The presentation currency used in the preparation of these financial statements is United States dollars (US$), rounded to the nearest hundred thousand dollars.

Basis of measurement

The financial statements have been prepared on the historical cost basis with the exception of certain items as identified in specific accounting policies.

Statement of compliance

The financial statements have been prepared in accordance with New Zealand equivalents to IFRS Accounting Standards (NZ IFRS) and IFRS Accounting Standards. The financial statements are in compliance with NZ IFRS and IFRS Accounting Standards. The Group has designated itself as a profit-oriented entity for the purposes of compliance with NZ IFRS and IFRS Accounting Standards.

The financial statements have been prepared in accordance with the requirements of the Financial Markets Conduct Act 2013 and comply with generally accepted accounting practice in New Zealand (NZ GAAP).

Chief operating decision-makers

The chief operating decision-makers are the Board of Directors who jointly make strategic decisions for ArborGen Holdings.

4 Material Accounting Policies

Accounting Policies

All material accounting policies are set out on the following pages. There have been no changes made to accounting policies during the year. All mandatory amendments and interpretations have been adopted in the current year. None had a material impact on these financial statements.

At the date of authorisation of these financial statements, the Group has not applied the new and revised NZ IFRS standards and amendments that have been issued but are not yet effective. In May 2024, the New Zealand Accounting Standards Board introduced NZ IFRS 18 Presentation and Disclosure in Financial Statements (effective for reporting periods beginning on or after 1 January 2027). This standard replaces NZ IAS 1 Presentation of Financial Statements. The Group has not yet assessed the impact of NZ IFRS 18.

Use of Estimates and Judgement

The preparation of financial statements in conformity with NZ IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The principal areas of judgement in preparing these financial statements are:

Deferred taxation (note 12)

The measurement of deferred taxation assets and liabilities reflects the tax consequences that would follow from the manner that the Group expects, at balance date, to recover or settle the carrying amount of its assets and liabilities. The carrying values of tax assets and liabilities are also affected by the estimates and judgements.

ArborGen cash generating unit impairment (note 16)

The carrying value of the Group's non-current assets is assessed in accordance with the Impairment policy on page 38. Performing these assessments generally requires management to estimate future cash flows to be generated by the ArborGen cash generating unit ("CGU"), which entails making judgements about the expected future performance and cash flows of the CGU and the appropriate discount rate to apply when valuing future cash flows.

The carrying values of assets acquired are also affected by the estimates and judgements applied to capitalisation of developmental expenditure and the amortisation period for intellectual property of 17 years, see Intellectual property policy on page 37.

Basis of Consolidation

Subsidiaries

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved when the Company:

- Has the power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. ArborGen is a subsidiary of ArborGen Holding Limited.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Functional Currency

Foreign operations

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity (the functional currency). The consolidated financial statements are presented in US$ (the presentation currency).

The assets and liabilities of all the Group companies that have a functional currency that differs from the presentation currency, including goodwill and fair value adjustments arising on consolidation, are translated to the presentation currency at foreign exchange rates ruling at balance date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. All exchange differences arising from the translation of foreign operations are recognised in the foreign currency translation reserve.

Transactions

Transactions in currencies other than the functional currency are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in currencies other than the functional currency at balance date are translated to the functional currency at the foreign exchange rate ruling at that date, with foreign exchange differences arising on translation being recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a currency other than the functional currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities that are stated at fair value in a currency other than the functional currency are translated using the exchange rate ruling at the date the fair value was determined.

Valuation of Assets

Land, buildings, plant and equipment

Land, buildings, plant and equipment are stated at historical cost less accumulated depreciation and impairment. Land is not depreciated. Depreciation on other fixed assets is calculated using the straight-line method. Expected useful lives are:

Buildings	25 to 40 years
Plant and equipment	3 to 15 years.

Inventory

Trading inventory, raw materials and work in progress are valued at the lower of cost or net realisable value. Cost includes direct costs and overheads at normal operating levels and excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable selling costs.

Biological assets (such as seedlings) are measured at the end of each reporting period at their fair value less costs to sell. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

Intellectual property

Intellectual property is amortised over the useful life of the assets. Intellectual property relates primarily to output from ArborGen Inc's research and development activities and is reviewed at least annually for impairment. In line with our policy, we have reviewed the useful life each balance date and adjusted if appropriate. The useful life of intellectual property has been assessed as 17 years. In assessing the useful life we considered the advancements in technology, such as genomics, and the ability of these new technologies to impact the product development lifecycle. Whilst we still believe there are significant technological difficulties in replicating our advanced genetics products, we believe that these new technologies potentially impact the product development life cycle. These new technologies will also benefit ArborGen increasing our ability to accelerate new product development. Consequently, we believe that a useful life of 17 years is appropriate.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for expected credit losses.

The Company applies the simplified approach to measuring expected credit losses which uses a lifetime expected credit loss allowance for all trade receivables as they all display the same risk profile. The measurement of expected credit losses is a function of the probability of default, loss given default and the exposure at default. The Company considers an event of default as occurring when information obtained (internally and externally) indicates a debtor is unlikely to pay its creditors including the Company. The assessment of the probability of default and loss given default is based on historical data adjusted by forward looking information relating to the debtor and general economic conditions of the debtors. As for the exposure at default, this is represented by the assets' gross carrying amount at the reporting date.

Cash and cash equivalents

Cash and cash equivalents comprises cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Assets held for sale and discontinued operations

Assets held for sale are assets whose carrying value will be recovered principally through sale rather than through continuing use. Assets held for sale are stated at the lower of their carrying amount and fair value less costs to sell and are not depreciated or amortised while they are classified as held for sale.

A discontinued operation is a component of the Group's business that represents a separate major line of business. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier.

Impairment – non financial assets

The carrying amounts of the Group's assets are reviewed regularly, including at each reporting date, to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated and whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount, an impairment loss is recognised. Impairment losses are recognised in the income statement.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units, and then to reduce the carrying amount of other assets in the cash-generating unit on a pro-rata basis.

The recoverable amount of non-financial assets is the greater of their fair value less costs to sell or value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs. With the exception of goodwill, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Valuation of Liabilities

Trade and other payables

Trade and other payables are stated at amortised cost.

Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are measured at the Group's best estimate of the expenditure required to settle the present obligation. Provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest rate basis.

Deferred income tax

Deferred income tax is provided in full, using the balance sheet method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. The deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting, nor taxable, profit or loss nor gives rise to equal taxable or deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. The measurement of deferred taxation assets and liabilities reflects the tax consequences that would follow from the manner that the Group expects, at balance date, to recover or settle the carrying amount of its assets and liabilities. Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Hedge accounting

The Group designates certain derivatives as hedging instruments in respect of cash flow hedges. Interest rate swaps hedging interest rate exposure on issued debt are accounted for as cash flow hedges.

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationship meets all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the Group applies a hedge ratio of 1:1.

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss. The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognised in other comprehensive income and accumulated in cash flow hedge reserve at that time remains in equity and is reclassified to profit or loss when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in the cash flow hedge reserve is reclassified immediately to profit or loss.

Items carried at fair value

The items which are carried at fair value include derivative financial instruments. These items are classified into the following levels in the fair value measurement hierarchy:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Income Determination

Revenue recognition

Revenue is measured based on consideration specified in a contract with a customer and is recognised when control over a good or service transfers to a customer. Revenue excludes amounts collected on behalf of third parties and is net of any value added tax, rebates, returns and discounts, and after eliminating sales within the Group.

The Group's revenues are earned from the sale of seedlings or treestocks and logistics services to some customers. Seedling or treestock revenue is recognised, either when the goods are dispatched or when goods have reached their destination, depending on the terms and agreements with customers and when documentary evidence supports the customer taking ownership and control of the product. Logistics and other services revenue is recognised over the period the service is provided.

Goods sold

Revenue from the sale of goods is recognised in the income statement when control over a good or service transfers to a customer. Products are generally sold with volume discounts and customers have a right to return faulty product. Sales are recorded based on the price negotiated with the customer, net of estimated volume discounts and returns. Historical experience is used to estimate the level of returns likely and volume rebates are calculated on a preset formula.

Government grants

Government grants are not recognised until there is reasonable assurance that the grants will be received and that the Group will comply with the conditions attaching to them. Government grants are recognised in the income statement on a systematic basis over the periods in which the Group recognises as an expense the related costs for which the grants are intended to compensate.

Investment income

Interest income is recognised in the income statement as it accrues, using the effective interest method.

Finance expense

Finance expenses comprise interest payable on borrowings calculated using the effective interest method.

Leases

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a Right-Of-Use (ROU) asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related ROU asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in these cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the periods presented.

The ROU assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

ROU assets are depreciated over the shorter period of the lease term and useful life of the underlying asset. The estimated useful lives of ROU assets are determined on the same basis as similar owned assets within fixed assets. If a lease transfers ownership of the underlying asset or the cost of the ROU asset reflects that the Group expects to exercise a purchase option, the related ROU asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The ROU assets are presented as a separate line in the consolidated statement of financial position.

The Group applies NZ IAS 36 to determine whether a ROU asset is impaired and accounts for any identified impairment loss as described in the 'Impairment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the ROU asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs.

In the event a right is exercised for a purchase option in a lease to acquire the underlying asset from the lessor the cost of the underlying asset (recognised as an item of property, plant and equipment) is measured at the net carrying amount of the ROU asset at the time of transfer.

Research and development costs

All research costs are recognised as an expense when incurred. When a project reaches the stage where it is reasonably certain that further expenditure can be recovered through the processes or products produced, development expenditure is recognised as a development asset under intellectual property. The asset is amortised from the commencement of commercial production of the product to which it relates, over the period of expected benefit.

Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at balance date, and any adjustment to tax payable in respect of previous years.

Employee Benefits

Share-based payments

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards.

Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

Segmental Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-makers. The Group has one reportable segment, being forestry genetics. The Group's geographical disclosures are based on both the location of customers and primary location of assets (refer to note 24 segmental information summary).

Goods and Services Tax (GST)

The income statement, statement of comprehensive income and statement of cash flow have been presented exclusive of GST. All items in the balance sheet are stated net of GST, except for receivables and payables, which include GST invoiced.

Comparatives

Changes in prior year disclosure comparatives have been made to align with the current year presentation.

Future NZ IFRS Pronouncements

Standards or interpretations issued but not yet effective and relevant to the Group.

The International Accounting Standards Board and the New Zealand Accounting Standards Board have issued a number of standards, amendments and interpretations which are not yet effective and which may have an impact on the Group's financial statements, none of these have been early adopted. The Group expects to adopt these standards when they become mandatory. None are expected to materially impact the Group's financial statements although may result in changes in disclosure.

5 Financial Risks

This note presents information about the Group's potential exposure to financial risks that the Group has identified; the Group's objectives, policies and processes for managing those risks; the estimation of fair values of financial instruments; and the Group's management of capital. Quantitative disclosures of some of the key financial risks are made below.

5.1 Foreign exchange risk

Both ArborGen Holdings and ArborGen Inc are US functional currency entities, operating in three geographies – the United States, Brazil and New Zealand. Generally, there are limited cash flows between New Zealand and the US, and the foreign exchange risk is limited to the translation effect on its net earnings and balance sheet from movements in the USD against the NZD.

5.2 Credit risk

The Group is at risk of customer default on payment for treestocks at the conclusion of a growing season. This risk is mitigated by dealing with a wide-range of customers in multiple markets and by securing up-front deposits from selected customers for the treestocks it grows each year. The nature of nursery activity is such that its customers tend to require yearly repeat business, and historically customer payment defaults have not been material to the business. However, in the US market (the Group's largest market), as treestock orders are not considered to be unconditional until late in the season each year, there remains the risk that orders cancelled prior to collection may not be able to be sold to other customers during the remaining season.

5.3 Liquidity risk

The Group has four banking facilities (in total $37.0 million (2023: $35.7 million)) with two banks in the United States; a $7.9 million reducing loan (2023: $8.7 million) which matures in May 2036, a new facility for $2.5 million for the purchase of Texas Jasper nursery in March 2024 which matures in March 2044, a $17 million revolver which expires in August 2026 (2023: $17 million) and a $9.6 million mortgage expiring in August 2026 (2023: $10.0 million). These facilities are used to fund the Group's working capital and capital expenditure needs. If any of these facilities were not to be renewed then the Group may need to obtain similar facilities from other banks, or an equivalent amount of funding may need to be provided through a capital raising event.

Liquidity risk management requires the maintenance of available cash combined with the availability of funding to meet the Company's needs as they develop. Forecasts are prepared of cash requirements to ensure there are financial resources in place to meet its day-to-day operating and investment needs. The Group believes it has sufficient resources to meet its funding needs through to 31 May 2025.

5.4 Interest rate risk

The Group has facilities that are either fixed or floating depending on their nature and use. Fixed interest rate facilities include the $10.4 million reducing loan facilities and the $9.6 million mortgage facility fixed via an interest rate swap. The US revolver facility is a floating rate facility. Both the mortgage and revolver facilities have the interest rate based on the Secured Overnight Financing Rate (SOFR), converting from London Interbank Offered Rate (LIBOR) to SOFR in November 2022.

Interest rate swap contracts

Under interest rate swap contracts, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing interest rates on the fair value of issued fixed rate debt held and the cash flow exposures on the issued variable rate debt held. The fair value of interest rate swaps at the reporting date is determined by discounting the future cash flows using the curves at the reporting date and the credit risk inherent in the contract, and is disclosed below. The average interest rate is based on the outstanding balances at the end of the financial year.

The Group adopts a policy of ensuring that between 50% and 80% of its interest rate risk exposure is at a fixed rate. This is achieved partly by entering into fixed-rate instruments and partly by borrowing at a floating rate and using interest rate swaps as hedges of the variability in cash flows attributable to movements in interest rates. The Group applies a hedge ratio of 1:1.

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the reference interest rates, tenors, repricing dates and maturities and the notional or par amounts. The Group assesses whether the derivative designated in each hedging relationship is expected to be effective in offsetting changes in cash flows of the hedged item using the hypothetical derivative method.

As at 31 March 2024, the Group had one interest rate swap with a notional amount of $9.6 million (2023: $10.0 million), covering the US head office property mortgage facility. The swap, entered into in August 2019 and expiring in August 2026, receives a floating rate of 2.00% above 30-day SOFR and pays a fixed interest rate of 3.52%. This swap is designated a cash flow hedge, is fully effective with the counterparty being Synovus the issuing bank.

5.5 Capital risk

ArborGen Holdings capital includes share capital, reserves and retained earnings, and ArborGen Holdings manages capital in such a manner as to maintain stakeholder confidence and safeguard ArborGen Holdings' ability to continue as a going concern, whilst also maximising the return for shareholders and sustaining resources for the future development of the business. In order to maintain or adjust the capital structure ArborGen Holdings may, pay dividends or return capital, or issue new shares or sell assets.

6 Reporting Currency

The Group reports in United States dollars (US$), consequently all financial numbers are in US$ unless otherwise stated.

7 Operating Expenses Include

	Note	Year ended March 2024 US$m	Year ended March 2023 US$m
Depreciation and amortisations included in:			
Cost of sales expense		(2.9)	(2.0)
Intellectual property amortisation	15	(7.7)	(7.6)
Administration expense: general and administration		(1.0)	(0.6)
Total depreciation and amortisation		(11.6)	(10.2)
Cost of inventory expensed in cost of sales		(43.7)	(37.9)
Employee related expenses (excluding restructuring and transaction-related expenses)		(15.5)	(13.3)
US Cares ERC credit (1)		–	1.2
Seed provision (2)		(1.8)	–
Value added taxation – valuation allowance (3)		(1.0)	–
Strategic review and other (4)		–	(0.3)
CEO transition costs (5)		(1.9)	(0.3)
CEO transition, seed review and other		(4.7)	0.6

(1) ArborGen Inc received a payment for Employee Retention Credits under the Coronavirus Aid Relief and Economic Security (CARES) Act. The credit was for the payroll taxes paid on wages between March 2020 and September 2021 and not forgiven under the CARES Act Paycheck Protection Program.

(2) As a result of our education efforts, our customers have been shifting into higher genetic seedlings and away from the lower genetic seedlings. This has lead to our inventory of the lower genetic seed growing relative to the total seed inventory. We have reviewed our seed inventory requirements against our 6-year seed demand; taking into account seed age, genetics, customer demand and our availability of alternative genetic seed by provenance. As a result of the review we have expensed $1.8 million as a seed provision which is netted against inventory, and represented approximately 10% of our finished goods seed cost. Most of the seed will be retained as we attempt to find a use for it, however the lowest quality seed will be destroyed.

(3) A valuation allowance has been applied to certain value added taxation credits that, due to uncertainty may not be collectable.

(4) The strategic review was concluded in June 2022, resulting in the sale of the Australian and New Zealand (ANZ) operations, which was completed on 30 November 2021. The Group continued to incur costs in relation to the review, post its conclusion, relating to the ANZ sale until September specifically related to the sale of the ANZ operations, including tax, legal and other related expenses.

(5) CEO transition costs include payments made to the outgoing CEO (Andrew Baum) of $0.6 million in shares and cash as part of his severance, of which $0.3 million was accrued at 31 March 2023. It also includes costs related to the incoming CEO Justin Birch including; sign-on and relocation costs of $0.3 million, $1.0 million accrued for Justin's equity grant (both first and second tranches), as well as legal and recruitment costs of $0.3 million. Refer to note 17.

Expenses incurred also includes payments made and accrued for:

- Directors fees for Non-executive Directors of ArborGen Holdings for the current period of $163,440 (2023: $206,778 (paid in NZ$265,001 2023: NZ$327,375)). In addition Non-executive Directors participated in Directors' share plans with the final 273,666 tranche of shares vesting in September 2022, together with the final cash tax payments of $13,926 (NZ$24,627). Following this the Directors' share plan was completed (refer to notes 19, 20 and 25).
- The statutory audit of the annual financial statements in the current period; for ArborGen Holdings NZ$141,000 (2023: NZ$137,500) and ArborGen Inc $241,500 (Deloitte) (2023: $214,000).
- Audit related services, including attendance of the ASM provided by Deloitte for ArborGen Holdings in the current period were NZ$16,500 (2023: NZ$15,500).
- Refer to Reporting and Disclosure and Auditors in the Corporate Governance section of the Annual Report for commentary on the Audit Committee process in managing the relationship with the Auditor and confirming their independence.

8 Income Tax Expense

	Note	Year ended March 2024 US$m	Year ended March 2023 US$m
Profit (loss) before taxation		(1.6)	0.9
Taxation at 28%		0.4	(0.3)
Adjusted for:			
Permanent differences		(1.9)	(0.4)
Change in deferred tax liability (1)	12	1.6	(8.3)
Net taxation losses not recognised		–	(0.1)
Deferred tax asset	12	1.3	–
Recognition of previously unrecognised losses (2)	12	–	5.7
Taxation (expense) / benefit		**1.4**	**(3.4)**

(1) Deferred taxation relates to the temporary differences on intellectual property.

(2) Reflects the recognition and utilisation of previously unrecognised tax losses.

9 Cash, Liquid Deposits and Restricted Cash

At 31 March the Group held total cash and liquid deposits of $5.6 million (2023: $12.7 million).

10 Trade and Other Receivables

	March 2024 US$m	March 2023 US$m
Trade debtors	10.5	9.6
Prepayments	2.1	2.8
Other receivables	–	1.6
Trade and other receivables	**12.6**	**14.0**

Details of the expected credit loss provision associated with trade debtors have been considered in note 27.

11 Inventory

	March 2024 US$m	March 2023 US$m
Finished goods - seedlings	4.3	2.1
Work in progress - seedlings [1]	2.1	2.4
Finished goods - seed	19.0	18.7
Work in progress - seed [2]	9.7	8.4
Inventory	**35.1**	**31.6**

(1) Work in progress - seedlings, is principally preparation costs for seedling crops.

(2) Work in progress - seed, is principally costs associated with seed production activities and harvesting seed to be sown as a future crop.

12 Deferred Taxation

	Note	Balance 1 April 2022 US$m	Movement in period US$m	Balance 31 March 2023 US$m
Deferred taxation asset				
Net operating losses	8	3.8	5.9	9.7
Other		–	(0.2)	(0.2)
Deferred taxation asset as at 31 March 2023		**3.8**	**5.7**	**9.5**
Deferred taxation liability				
Intellectual property	8	(0.3)	(8.3)	(8.6)
Deferred taxation liability as at 31 March 2023		**(0.3)**	**(8.3)**	**(8.6)**

	Note	Balance 1 April 2023 US$m	Movement in period US$m	Balance 31 March 2023 US$m
Deferred taxation asset				
Net operating losses	8	9.5	1.3	10.8
Deferred taxation asset as at 31 March 2024		**9.5**	**1.3**	**10.8**
Deferred taxation liability				
Intellectual property	8	(8.6)	1.6	(7.0)
Deferred taxation liability as at 31 March 2024		**(8.6)**	**1.6**	**(7.0)**

ArborGen measures it's deferred tax liability for the temporary difference arising on intellectual property to reflect the tax consequences that would follow from the manner that the Group expects to recover the carrying amount of the intellectual property. This is based on an assumption that there may be a sale prior to the end of its useful life.

NZ IFRS only allows the recognition of taxation assets when utilisation is considered probable, which is subject to the future earnings of the Group and on meeting loss carry-forward restrictions. In 2023 the Company and its advisors assessed the available tax strategies and forecasts of future taxable income, in determining any valuation allowance on its deferred tax assets. The probability of future utilisation was assessed as being probable, which resulted in an adjustment to the valuation allowance and the recognition of a further $5.7 million deferred tax asset (tax effected) being recognised. The Company also performed an assessment in 2024 and determined no valuation allowance was required for its recognised deferred tax assets.

The Group has unrecognised tax losses in New Zealand of $31.2 million (2023: $32.4 million) and $21.2 million in the US (2023: $21.5 million).

13 Fixed Assets

	March 2024 US$m	March 2023 US$m
Cost		
Land	12.9	11.6
Buildings	24.8	23.9
Plant and equipment	7.4	5.3
Total cost	45.1	40.8
Accumulated depreciation		
Buildings	(6.0)	(5.2)
Plant and equipment	(2.5)	(2.1)
Total accumulated depreciation	(8.5)	(7.3)
Net book value		
Land	12.9	11.6
Buildings	18.8	18.7
Plant and equipment	4.9	3.2
Fixed assets net book value	**36.6**	**33.5**
Domicile of fixed assets		
United States	34.7	32.2
Brazil	1.9	1.3
Fixed assets net book value	**36.6**	**33.5**

Fixed assets net book value	**Land US$m**	**Buildings US$m**	**Plant and equipment US$m**	**Total US$m**
31 March 2023				
Opening net book value	11.6	19.3	2.0	32.9
Exchange differences	–	–	(0.1)	(0.1)
Additions	–	0.4	1.8	2.2
Depreciation charge	–	(1.0)	(0.5)	(1.5)
Fixed assets net book value as at 31 March 2023	**11.6**	**18.7**	**3.2**	**33.5**
31 March 2024				
Opening net book value	11.6	18.7	3.2	33.5
Additions	–	0.9	2.0	2.9
Transfer of Texas Jasper from ROU assets (1)	1.3	0.5	0.3	2.1
Disposal of assets	–	(0.3)	–	(0.3)
Depreciation charge	–	(1.0)	(0.6)	(1.6)
Fixed assets net book value as at 31 March 2024	**12.9**	**18.8**	**4.9**	**36.6**

(1) Includes the acquisition in March 2024 of the Texas Jasper lease that was formerly a right-of-use asset. Refer to note 14.

14 Right-Of-Use Assets

Right-of-use assets net book value	**Land and Buildings US$m**	**Plant and Equipment US$m**	**Total US$m**
31 March 2023			
Opening net book value	3.2	1.5	4.7
Additions	0.5	0.8	1.3
Depreciation charge	(0.4)	(0.7)	(1.1)
Right-of-use assets net book value as at 31 March 2023	**3.3**	**1.6**	**4.9**
31 March 2024			
Opening net book value	3.3	1.6	4.9
Additions	2.8	3.8	6.6
Transfer of Texas Jasper to fixed assets (1)	(1.7)	(0.4)	(2.1)
Depreciation charge	(1.0)	(1.3)	(2.3)
Right-of-use assets net book value as at 31 March 2024	**3.4**	**3.7**	**7.1**

(1) In March 2024 the Texas Jasper lease was converted from leasehold to an owned asset. Refer to note 13.

15 Intellectual Property

	Note	**March 2024 US$m**	**March 2023 US$m**
Opening balance		92.9	97.1
Capitalisation during period		3.7	3.4
Amortisation during period	7	(7.7)	(7.6)
Intellectual property		**88.9**	**92.9**
Total cost		133.6	129.9
Accumulated amortisations		(44.7)	(37.0)
Intellectual property		**88.9**	**92.9**

16 ArborGen Investment and Impairment

We regularly review the carrying value of ArborGen as a single cash generating unit to determine whether there has been a subsequent change in circumstances or conditions that requires an impairment to be taken through earnings. Our impairment review is undertaken on a 'Value-in-use' (VIU) basis, which is the estimated value that would be derived from our continued ownership and operation of the ArborGen business.

For the year ending 31 March 2024, (in line with the March 2023 approach) the 10-year model was updated to reflect; Forest Economic Adviser's (FEA) latest demand projections for saw timber in the US South, revised MCP sales, inflationary impact on production costs, and stronger Brazil performance.

Consistent with the approach taken in the prior year, our impairment analysis utilises a 10-year plus terminal DCF valuation model. We use a 10-year period rather than a shorter time period because ArborGen's advanced genetic products in the US market (the largest and most material market) are in the earlier stages of supply availability and adoption, and hence this period of time is deemed appropriate to adequately capture the scale-up of advanced genetics supply and adoption in the US. The same holds true for ArborGen's Brazil position where projected growth in advanced genetics sales, market share expansion and continued recovery in the forestry sector, necessitate the use of a 10-year model.

ArborGen can be impacted by climate risk and has a number of risk mitigation strategies in place, the costs of the mitigation strategies are captured in the model in annual capital expenditure and in the cost of production. Risks are also captured in the cost of equity calculation which impacts valuation. Key risks relate to seedling production in nurseries and seed production in seed orchards.

- Seedling production risks include; excessive sudden rains during the first 4-6 weeks post planting resulting in seed washouts and seedling losses, freeze damage before and during lifting causing root damage, and hot, dry conditions impacting seed germination. ArborGen has a number of risk mitigation strategies including the installation of tiling in nurseries, modification of nursery topographies, improvements to soil glue rates and application processes post seed sowing to minimise washouts, use of Monosem planters, improving soil medium in containers to reduce washouts, planting buffer seedlings as part of the production plan, ensuring seed sowing is completed by late April and avoiding planting in identified areas of nurseries with poor irrigation.
- Risk relating to seed orchards includes; freezes during pollination season reducing annual seed volumes / harvests and hurricanes or other large weather events. Key risk mitigation strategies include building buffer seed inventory in the right genetics for each provenance, ensuring orchard diversification for each provenance – geographic and age class, and maintaining redundant orchard capacity. To ensure we have adequate seed each year to produce the volume of advanced genetics' seedlings required to meet demand and desired sales growth, we are targeting to build at least two years of seed inventory for each provenance thereby minimising reliance on single year cone harvests.

Our DCF impairment model values only the projected cash flows from the existing core markets (i.e. United States and Brazil). Separate demand projections are determined for each geography and end-use market. The total addressable seedling market for each geography is then estimated, as is seedling type, production technology employed, production cost and sales price.

The assumptions that have been utilised to derive the cash flows, are -

- Minimal organic growth in ArborGen's US loblolly market share;
- Medium to longer term growth in the overall and addressable US loblolly market consistent with projections from FEA driven primarily by projected growth in saw timber demand in the US South, following the 2025 slight decline;
- Minimal 'real' price increases in individual US seedling products despite the projected recovery in US sawn timber prices supported by continued projected growth in US South sawmill capacity and saw timber demand, and continued R&D investment;
- Increasing overall OP and MCP weighted average prices, reflecting an increasing proportion of higher value sub-category product sales (e.g. MCP-elite and MCP-2.0) over the next 10 years;
- That in the terminal year ArborGen's total advanced genetics seedlings sales in the US represent 60% (primarily MCP adoption) of its total US loblolly sales. This adoption rate is significantly lower than ArborGen's current projected US MCP seed supply as younger seed orchards mature and near-term supply constraints are overcome;
- Limited growth in the overall Brazilian eucalyptus forestry markets from current levels;
- Continued growth in Brazil following the recent expansion of ArborGen's internal production capacity in both pine and eucalyptus;
- Continued expansion of ArborGen's eucalyptus offering leveraging licensed International Paper, Vallourec and Gerdau's eucalyptus clones, and ArborGen's own eucalyptus advanced products; and
- ArborGen's advanced genetics sales as a percentage of its total eucalyptus in Brazil approaching 80% in the terminal year.

These cash flows are discounted at a cost of capital that reflects the underlying risk inherent in the cash flow assumptions. The discount rate applied to the DCF analysis was calculated using a derived weighted average cost of capital (WACC), with the cost of equity calculated using the Capital Asset Price Model (CAPM) and the cost of debt based on the risk-free rate plus the option adjusted spread for BBB rated bonds.

Specifically, we used a nominal post-tax WACC of 12.9% (15.39% pre-tax WACC). The cost of equity included in the WACC uses the average beta of guideline public companies from the timberland and ag/biotech sectors (considered similar to ArborGen in terms of sector exposure) of 0.94, and included a "small company" size premium of 5% to reflect ArborGen's relative size, as well as a country risk premium for Brazil. The derived cost of equity for the US was 13.9% and 18.3% for Brazil, and the derived cost of debt (post-tax) was 4.3%. A terminal nominal growth rate of 3% (i.e. 0% real terminal growth) was assumed.

Post the repurchase of the 5% of outstanding warrants in May 2023 (equal to 5% of the issued ArborGen's issued share capital) the Group's effective economic exposure in ArborGen is 100%.

The table on the next page shows the assumptions and sensitivities for the critical US loblolly market compared with those used in last year's assessment. As an added sensitivity to test impairment, a change in discount rate is the simplest sensitivity to apply particularly given the DCF model assumes inputs at the conservative end of the spectrum of outcomes. In this instance, the post-tax WACC applied to the DCF model would need to increase to 15.5% before an impairment would arise, which we do not believe is within a reasonable range given the sector ArborGen operates in, and the relatively conservative inputs that underlie the longer term cash flows for the US loblolly market.

The uptake of advanced genetics seedlings sales in the US loblolly market (i.e. MCP adoption) is a key assumption in the model. This uptake progressively increases throughout the forecast period to the terminal year where it is assumed this uptake reaches 60%, up from the FY24 Budget assumption of circa 40%. However, keeping all other elements constant even if the uptake stayed at 40% through to the terminal year, this would not result in an impairment.

	2024 Case	2023 Case
US Loblolly Market - terminal year assumptions		
Loblolly market size - millions	902	908
ArborGen market share %	34.7%	37.8%
ArborGen unit sales - millions	312.7	344
% advanced genetics MCP	60%	62%
% advanced genetics Varietal	0%	2%
% traditional genetics	40%	36%
Brazil Market - terminal year assumptions		
Eucalyptus & Loblolly market size - millions	1,337	1,337
ArborGen market share %	12.3%	11.9%
ArborGen unit sales - millions	164.0	159.2
% advanced genetics MCP	4%	4%
% advanced genetics Varietal	84%	84%
% traditional genetics	12%	12%
Total ArborGen valuation		
US inflation rate	3.0%	3.0%
Terminal Growth Rate (TGR) (1)	3.0%	3.0%
Nominal post-tax discount rate	12.9%	13.3%

(1) A TGR of 3% in a 3% inflation environment equates to a 0% real TGR assumption

Terminal year sensitivities equity value impact (increase / decrease) US$ millions	**Equity value change by**	
Total market size - 25 million in US and Brazil	+/- $3.5	+/- $4.3
Market share by 1%	+/- $3.8	+/- $3.3
Advanced genetics adoption by 1%	+/- $1.3	+/- $1.8
Real MCP price by 5%	+/- $7.7	+/- $8.1

None of the above sensitives would have resulted in an impairment.

17 Trade, Other Payables and Provisions

	March 2024 US$m	March 2023 US$m
Trade creditors	(8.2)	(8.3)
Accrued employee benefits (1)	(2.8)	(1.2)
Other payables	(1.5)	(0.2)
Royalties	(0.6)	(0.2)
Seedling mortality	(0.1)	(0.1)
Seedling deposits from customers (2)	(1.1)	(0.8)
Trade, other payables and provisions	**(14.3)**	**(10.8)**

(1) Includes accrued expense of $0.6 million being the cash component of the CEO's LTI and STI Plans. Refer notes 20 and 25. The prior period included $0.1 million for the cash tax component of Andrew Baum's severance on the accrued share-based payment. Refer to note 7.

(2) The deposits from customers will be recognised as revenue within 12 months as the seedlings are transferred to the customer.

18 Term and Current Debt

Summary of repayment terms	March 2024 US$m	March 2023 US$m
Due for repayment:		
less than one year	(1.2)	(8.1)
between one and two years	(1.1)	(1.1)
between two and three years	(1.1)	(1.1)
between three and four years	(1.2)	(1.1)
between four and five years	(1.2)	(1.1)
after five years	(14.2)	(13.2)
Total term and current debt	**(20.0)**	**(25.7)**

Summary of interest rates by repayment period	March 2024	March 2023
Due for repayment:		
less than one year	5.51%	4.99%
between one and two years	5.53%	5.28%
between two and three years	4.85%	5.30%
between three and four years	4.87%	4.34%
between four and five years	4.91%	4.34%
after five years	4.71%	4.14%
Current debt - weighted average interest rate	**5.51%**	**4.99%**
Term debt - weighted average interest rate	**4.65%**	**4.19%**

The weighted average interest rates reflect the effective interest rate, inclusive of fee amortisations.

At 31 March 2024 the Group had debt facilities with the following banks: Synovus Financial Corporation (Synovus) and AgSouth Farm Credit (AgSouth) in the United States.

ArborGen has two non-revolving promissory notes issued to AgSouth. The first is for $7.9 million bearing interest at 4.95%, with a maturity date of 1 May 2036 and an annual principal repayment of $0.6 million due 1 May each year. The second is a $2.5 million facility, bearing interest at 8.2%, with a maturity date of 1 March 2044 and an annual principal repayment of $0.26 million due 1 March each year. Both facilities are secured against ArborGen's US real estate properties. The credit agreement with AgSouth includes a covenant requiring ArborGen to maintain a minimum net worth of $25 million.

ArborGen's revolving facility agreement with Synovus is a $17 million letter of credit (LOC), with an expiry date of 15 June 2026. The facility requires an annual 60-day (continuous) pay down maximum borrowing limit (between 1 March and 31 August) to $7 million. The LOC bears interest at the 30 day SOFR base rate plus 2.75%, subject to a minimum annual rate of 4.75%, and is collateralised by all of the ArborGen Inc's United States assets not otherwise pledged under the AgSouth agreement.

In May 2023, the Synovus revolving facility was renewed on the terms described in the previous paragraph, this facility was to have expired on 31 August 2023. As a result of the renewal not being completed prior to 31 March 2023, the current balance of the facility of $7.0 million was classified as current debt in the prior year.

Rubicon Industries USA LLC (RIUSA) has a $9.6 million mortgage from Synovus, which is secured by headquarter's land and buildings. The mortgage is a seven-year term facility that expires in August 2026 and is based on a 20-year amortising loan, incurring interest at the 30-day SOFR base rate plus 2% (currently 4.63%). The Group has entered into a seven-year interest rate swap, with terms that match that of the mortgage, at a fixed rate of 3.52%. The mortgage requires RIUSA to maintain a debt service coverage ratio of not less than 1.25:1 for the trailing 12 months.

At 31 March 2024 the Group held cash and liquid deposits of $5.6 million (2023: $12.7 million) and had debt of $20 million and lease liabilities of $6.7 million (2023: $25.7 million of debt and $4.9 million of lease obligations).

All covenants were met for the year ended 31 March 2024.

19 Capital

Share capital	March 2024 US$m	March 2023 US$m
Share capital at the beginning of the period	203.8	202.8
Vesting of shares - share plans (1) (2) (3)	0.4	0.2
Share capital	**203.4**	**203.0**

Number of shares	March 2024	March 2023
Opening shares on issue	502,772,082	501,486,758
Issue of shares (2)	419,386	1,285,324
Issue of shares (3)	3,514,844	–
Issue of shares (4)	20,251,477	–
Number of shares on issue	**526,957,789**	**502,772,082**

Treasury stock	March 2024	March 2023
Opening shares on issue	–	273,666
Issue of shares (4)	20,251,477	–
Vesting of shares (1)	–	(273,666)
Number of shares on issue	**20,251,477**	**–**

(1) In accordance with the resolution passed at ArborGen Holdings Annual Shareholders' meeting held on 17 September 2019, on 18 September 2019 ArborGen Holdings issued 820,998 new shares to the 2019 Rubicon Non-executive Director Share Plan (the 2019 Trust). The 2019 Trust held the shares for George Adams (Director) until the vesting terms were met. The shares vested in three equal tranches on the first, second and third anniversaries following the date of issue (18 September 2019), provided that the Director remained a Director of the Company on the relevant anniversary date. The new shares were issued at the NZX 20-day market VWAP for ArborGen Holding shares of NZ18.27 cents per share, for a total value of NZ$150,000. The share-based transactions were recorded in the share-based payment reserve and the shares were accounted for as treasury stock until vesting. On 6 October 2022 the third (and final) tranche of 273,666 shares vested to George Adams.

(2) In July 2021 ArborGen awarded 3,933,535 RSUs (restricted share units) to ArborGen Inc executives, in relation to its FY21 Long Term Incentive (2021 LTI) Plan. Pursuant to this award, in June 2023 ArborGen Holdings issued the final 331,202 new shares of the three equal tranches, with 486,080 RSUs being cancelled pursuant to Andrew Baum's cessation agreement. In relation to the 2022 LTI plan, under which 132,276 RSUs were awarded, in June 2023 88,184 new shares were issued to the one retiring employee. This brings both schemes to a close with no outstanding RSUs.

(3) Pursuant to Andrew Baum's employment cessation agreement, Andrew was entitled to the equivalent of one year of his base salary of US$405,736 in ArborGen Holdings shares. Accordingly on 21 June 2023, 3,514,844 new ArborGen Holdings ordinary shares (Separation Shares) were issued at the 5-day VWAP of NZ$0.184992 per share (equivalent to NZ$650,218 in value, being US$405,736 converted at an NZD/USD exchange rate of 0.6240). In addition all outstanding RSUs held by Andrew (per footnote (2) above) were terminated. He also received a cash payment equivalent to the taxes due on the Separation Shares, being $181,012. The Separation Shares cannot be sold, nor the beneficial interest transferred, for 12 months.

(4) Pursuant to Justin Birch's employment agreement an equity grant of restricted ordinary shares (Restricted Shares) equal to 4% of ordinary shares in ArborGen Holdings was made. On 27 July 2023, 9,780,000 shares were issued to the Trustee and following shareholder approval at the ASM on 20 September 2023, a further 10,471,477 shares were issued to the Trustee. The total 20,251,477 restricted shares are split 50:50 with 50% time-based shares and 50% performance-based shares. The time-based shares will vest one third on the first anniversary of the employment commencement date (16 June 2023); and two thirds on the second anniversary, subject to completion of continuous service with the Group. The performance-based shares will vest 50% on 1 June 2024 and the other 50% on 1 June 2025, subject to satisfaction of applicable performance criteria determined by the compensation committee and completion of continuous service with the Group until the applicable vesting date. All restricted shares have been issued to the Justin Birch Trust and are treated as treasury stock until vesting.

20 Reserves

Retained earnings	**March 2024 US$m**	**March 2023 US$m**
Opening balance	(54.1)	(51.6)
Net earnings (loss)	(0.2)	(2.5)
Repurchase of warrants (1)	(1.4)	–
Closing balance	**(55.7)**	**(54.1)**
Cash flow hedge reserve (2)		
Opening balance	0.7	0.3
Fair value gains / (losses) for the year	(0.1)	0.4
Closing balance	**0.6**	**0.7**
Share-based payments reserve		
Opening balance	0.3	0.2
Executive share plan (3)	(0.4)	(0.2)
Executive settlement share plan shares (3) (4)	0.9	0.3
Closing balance	**0.8**	**0.3**
Currency translation reserve		
Opening balance	(0.6)	(0.3)
Translation of independent foreign operations	0.2	(0.3)
Closing balance	**(0.4)**	**(0.6)**
Total reserves	**(54.7)**	**(53.7)**

(1) In May 2023 ArborGen Inc repurchased all outstanding warrants (5% of the ArborGen Inc fully diluted shares) for $1.35 million. Following the repurchase of the warrants, there are no more warrants, options or other rights to purchase ArborGen.

(2) The cash flow hedging reserve records the net movement of cash flow hedging instruments, being interest rate swaps. Refer to notes 4, 5, 18 & 27.

(3) Pursuant to the 2021 LTI plan (the Plan) an expense was accrued in 2021 in the share-based payment reserve representing the portion that will be settled by the issuance of shares in three tranches on the first, second and third anniversaries. The fair value of the Plan was $0.6 million; which was settled in shares $0.4 million and cash $0.2 million. The total restricted stock units (equivalent of an ordinary share) under the Plan was 3,933,535. Refer to note 25 for more details. In December 2022 ArborGen announced that Andrew Baum would be stepping down upon the recruitment of a successor CEO. Upon cessation Andrew was issued shares to the value of one years base salary ($405,736). A $0.2 million share-based payment was accrued in the prior year. Refer to note 7.

(4) Pursuant to Justin Birch's employment agreement an equity grant of Restricted Shares equal to 4% of ordinary shares in ArborGen Holdings was made. The total 20,251,477 restricted shares are split 50:50 with 50% time-based shares and 50% performance-based shares. Refer to note 25. In addition Justin is guaranteed a short-term incentive of $425,000; 50% of which will be settled in ArborGen Holdings shares.

21 Capital Expenditure Commitments

The are no capital expenditure commitments in the current period (2023: $2.5 million).

22 Lease Obligations

	Note	March 2024 US$m	March 2023 US$m
Lease obligations are reconciled as follows:			
Current lease obligations	27	(1.5)	(0.8)
Term lease obligations	27	(5.2)	(4.1)
Total lease obligations		**(6.7)**	**(4.9)**

Financing expense includes interest payments relating to lease obligations of $0.4 million (2023: $0.2 million).

The lease expense for short-term leases was $0.1 million (2023: $0.1 million) and low value leases $65,000 (2023: $65,000).

The lease obligations relate predominately to the lease of nursery facilities and in total are $2.3 million for the US and $4.4 million for Brazil.

23 Remuneration

Key management compensation	Note	Year ended March 2024 US$m	Year ended March 2023 US$m
Salaries and other short-term employee benefits		2.5	2.4
Termination benefits		0.1	–
Share-based payments [(1)]	7 & 19	1.3	0.3
Other payments		0.1	0.3
		4.0	**3.0**

Key management compensation is prepared on a cash basis and excludes Directors. Directors remuneration is disclosed in notes 7 and 25.

(1) Includes the share-based payments paid to Andrew Baum upon cessation and those accrued relating to the new CEO Justin Birch. Refer to notes 7 and 19.

24 Segmental Information Summary

The Group has one reportable segment and the analysis is as follows:

Forestry genetics	Year ended March 2024 US$m	Year ended March 2023 US$m
Operating revenue	67.7	56.1
Financing expense	(1.8)	(1.4)
Tax (expense) / benefit	1.4	(3.4)
Net earnings (loss)	0.9	(1.0)
Total assets	197.3	199.7
Liabilities	(48.6)	(50.4)
Capital expenditure	(6.6)	(5.6)
Depreciation and amortisation	(11.6)	(10.2)
Reconciliation		
Corporate		
Net earnings (loss)	(1.1)	(1.5)
Total assets	–	0.1
Liabilities	–	(0.1)
Total Group		
Total revenue	67.7	56.1
Financing expense	(1.8)	(1.4)
Tax (expense) / benefit - Total	1.4	(3.4)
Net earnings (loss) after taxation - Total	(0.2)	(2.5)
Total assets - per balance sheet	197.3	199.8
Total liabilities	(48.6)	(50.5)
Capital expenditure	(6.6)	(5.6)
Depreciation and amortisation	(11.6)	(10.2)

The Group's geographical analysis is as follows: **South America**	Year ended March 2024 US$m	Year ended March 2023 US$m
Operating revenue	26.5	16.8
Non-current assets	7.8	1.3
North America		
Operating revenue	41.2	39.3
Non-current assets	136.2	140.2
Total Group		
Operating revenue [(1)]	67.7	56.1
Non-current assets	144.0	141.5

(1) The Group's revenue represents sales of seedlings of $66.3 million (2023: $54.4 million) and the provision of logistic services $1.4 million (2023: $1.7 million).

25 Related Party Transactions and Balances

	Note	March 2024 US$m	March 2023 US$m
Income Statement			
Non-executive Directors' Share Plan (1)	19 & 20	–	–
Directors remuneration (excluding Non-executive Directors' Share Plan)	7	(0.2)	(0.2)
Incoming CEO LTI and STI plans (2)	17 & 20	(1.4)	–
Former CEO severance (3)	20	(0.3)	(0.3)
Balance Sheet			
Incoming CEO LTI and STI plans (2)	17 & 20	1.4	–
ArborGen senior management LTI plan (3)	20	–	0.2
Former CEO severance (3)	20	–	0.3

(1) On 17 September 2019 (at the Annual Shareholders' meeting) shareholders passed a resolution approving the 2019 Rubicon Non-executive Directors Share Plan. Under the share plan, 820,998 new shares were issued to the 2019 Trust. The 2019 Trust held the shares on behalf of the Director (George Adams) until the vesting terms met. The shares were vested in three equal tranches on the first, second and third anniversaries following the date of issue (18 September 2019), provided that the Director remained a Director of the Company on the relevant anniversary date.

(2) Pursuant to Justin Birch's employment agreement an equity grant of restricted ordinary shares (Restricted Shares) equal to 4% of ordinary shares in ArborGen Holdings was made. On 27 July 2023, 9,780,000 shares were issued to the Trustee and following shareholder approval at the ASM on 20 September 2023, a further 10,471,477 shares were issued to the Trustee. The total 20,251,477 restricted shares are split 50:50 with 50% time-based shares and 50% performance-based shares. The time-based shares will vest one third on the first anniversary of the employment commencement date (16 June 2023); and two thirds on the second anniversary, subject to completion of continuous service with the Group. The performance-based shares will vest 50% on 1 June 2024 and the other 50% on 1 June 2025, subject to satisfaction of applicable performance criteria determined by the compensation committee and completion of continuous service with the Group until the applicable vesting date.

(3) Upon cessation of employment Andrew Baum was issued shares to the value of one year's base salary $405,736 plus a cash payment. He also received a cash payment equivalent to the taxes due on the Separation Shares being $181,012. In the prior year an accrual was made for two thirds of the severance cost. Shares were issued to Mr Baum in June 2023 fully satisfying the severance agreement. Refer to note 19.

26 Principal Operations

ArborGen Holdings Limited (a New Zealand incorporated limited liability company) is the holding company of the ArborGen Group. The principal subsidiaries, as at 31 March 2024, were:

	Country of Domicile	Interest % March 2024	Interest % March 2023	Balance Date	Principal Activity
Principal subsidiaries					
Rubicon Forests Holdings Limited	NZ	100	100	31 March	Holding company
Rubicon Industries USA LLC	USA	100	100	31 March	Holds ArborGen Inc investment
ArborGen Inc (1)	USA	100	100	31 March	Forestry genetics
ArborGen Inc subsidiaries					
ArborGen Comercie de Produtos Florestal Importacao e Exportacao LTDA	Brazil	100	100	31 March	Forestry genetics
ArborGen Technologia Florestal LTDA	Brazil	100	100	31 March	Holding company
ArborGen New Zealand Holding LLC	USA	100	100	31 March	Holding company

(1) ArborGen Holdings owns 100% of ArborGen Inc's issued share capital and has a 100% economic interest, following the repurchase of all outstanding warrants in May 2023.

27 Financial Instruments

(a) Market risk

(i) Exposure to currency risk

The functional currency of the Group is the US$ and the risk to the Group's equity and earnings are from assets, liabilities, revenues and costs in currencies denominated in currencies other than US$. The Group's exposure to foreign currency risks on financial instruments is shown in the following:

in US$m	March 2024		March 2023	
	US$	Non US$	US$	Non US$
Cash, liquid deposits and restricted cash	1.2	4.4	11.2	1.5
Trade debtors and other receivables	7.1	3.4	8.2	3.0
Trade creditors and other payables	(11.1)	(3.2)	(9.2)	(1.6)
Current debt	(1.2)	–	(8.1)	–
Non-current debt	(18.8)	–	(17.6)	–
Lease obligation	(2.3)	(4.4)	(4.9)	–
Gross balance sheet exposure		0.2		2.9

The following exchange rates applied during the year:

	Average rate (1)		Spot rate	
	March 2024	March 2023	March 2024	March 2023
NZ$:US$	0.6088	0.6247	0.5991	0.6275
US$:R$	0.2027	0.1942	0.1994	0.1935

(1) These are merely arithmetical averages not hedged rates.

Foreign exchange contracts

The Group had no foreign exchange contracts outstanding (2023: nil).

Sensitivity Analysis - gross balance sheet exposure

Given the small size of the gross balance sheet exposure shown above, any movement in the NZ$ and R$ against the US$ is unlikely to be material.

(ii) Exposure to interest rate risk

The Group has $20.0 million of debt at 31 March 2024 (2023: $25.7 million), drawn at a mix of fixed and floating rates.

The weighted average interest rate of borrowings and interest rate hedges are shown in note 18 term and current debt.

As at 31 March 2024, the Group had one interest rate swap totalling $9.6 million (2023: $10.0 million), covering 48% (2023: 39%) of total debt. The swap was entered into in August 2019 and expires in August 2026. The swap receives a floating rate of 2% above 30-day SOFR and pays a fixed interest rate of 3.52%. At 31 March 2024 the mark-to-market of the swap resulted in an asset of $0.6 million (2023: $0.7 million), which is reflected in the cash flow hedge reserve and derivative financial instrument liability (refer note 20).

(b) Credit risk

(i) Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure, which at 31 March 2024 was $16.1 million of trade and other receivables, and cash and liquid deposits (2023: $23.9 million).

US cash and liquid deposits are only held with banks that are part of the Group's banking consortiums. In the event of default, cash balances may be set off against obligations owing by the Group to its lenders. Moody's credit ratings of the primary counterparties for cash and liquid deposits are all rated as investment grade. The status of trade debtors, is as follows:

		March 2024 US$m	March 2023 US$m
Neither past due or impaired		5.9	5.4
Past due but not impaired –	1 month	2.5	2.4
	2 month	2.5	1.8
Impaired		–	0.2
		10.9	9.8
Less provision for expected credit loss		(0.4)	(0.2)
Net trade debtors		10.5	9.6

ArborGen Inc has a strong history of trade debtor collections and there is no reason to believe that the debtors will not be collected.

(c) Liquidity risk

The following are contractual maturities of financial liabilities and net settled derivatives. The amounts disclosed are the contractual undiscounted cash flows.

Financial liabilities	Carrying value US$m	Total cash flows US$m	0-6 months US$m	6-12 months US$m	1-2 years US$m	2-5 years US$m	Over 5 years US$m
31 March 2023							
Non derivative financial liabilities							
Trade and other payables	(9.5)	(9.5)	(9.4)	(0.1)	–	–	–
Debt	(25.7)	(31.2)	(8.1)	(0.2)	(1.2)	(3.6)	(18.2)
Lease obligation	(4.9)	(6.0)	(0.4)	(0.7)	(1.1)	(2.9)	(0.9)
Financial liabilities as at 31 March 2023	**(40.1)**	**(46.7)**	**(17.9)**	**(1.0)**	**(2.3)**	**(6.5)**	**(19.1)**
31 March 2024							
Non derivative financial liabilities							
Trade and other payables	(8.2)	(8.2)	(8.2)	–	–	–	–
Debt	(20.0)	(21.3)	(0.9)	(0.3)	(1.2)	(4.0)	(14.9)
Lease obligation	(6.7)	(7.0)	(0.8)	(1.1)	(1.7)	(1.9)	(1.5)
Financial liabilities as at 31 March 2024	(34.9)	(36.5)	(9.9)	(1.4)	(2.9)	(5.9)	(16.4)

28 Contingent Liabilities

The tenant for part of ArborGen's Ridgeville head office facility (the Property) which is legally owned by ArborGen Holdings' subsidiary Rubicon Industries USA LLC (Rubicon), contracted certain parties to perform some improvement work on parts of the Property leased from Rubicon. These parties filed mechanic's liens against the Property alleging they are owed $496,000 in total that the tenant has failed to pay. The larger lien has been dismissed, leaving only one lien for $62,000 outstanding. Rubicon was not part of any contractual arrangements between the tenant and their contractors, and has been working to achieve a resolution.

Rubicon has a surety bond for the remaining lien, as required under its loan agreement.

29 Subsequent Events

The in vitro business was put through a strategic review and marketed to various parties as it was deemed non-core to continuing operations.

A conditional sale and purchase agreement was signed with a buyer on 21 May 2024 and is set to close at the end of June. Upon completion, the full assets and book value will be determined but we expect a small positive earnings impact.

Deloitte.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of ArborGen Holdings Limited

Opinion

We have audited the consolidated financial statements of ArborGen Holdings Limited and its subsidiaries (the 'Group'), which comprise the consolidated balance sheet as at 31 March 2024, and the consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information

In our opinion, the accompanying consolidated financial statements, on pages 31 to 57, present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2024, and its consolidated financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to IFRS Accounting Standards ('NZ IFRS') as issued by the External reporting Board and IFRS Accounting standards ('IFRS') as issued by the International Accounting Standards Board.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ('ISAs') and International Standards on Auditing (New Zealand) ('ISAs (NZ)'). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Group in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Other than in our capacity as auditor, and the performance of ancillary services in that capacity which includes attendance at the Annual Shareholders Meeting, we have no relationship with or interests in the entity. These services have not impaired our independence as auditor of the Company and Group.

Audit materiality

We consider materiality primarily in terms of the magnitude of misstatement in the financial statements of the Group that in our judgement would make it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced (the 'quantitative' materiality). In addition, we also assess whether other matters that come to our attention during the audit would in our judgement change or influence the decisions of such a person (the 'qualitative' materiality). We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

We determined materiality for the Group financial statements as a whole to be US$2m.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Key audit matter	How our audit addressed the key audit matter
ArborGen Cash Generating Unit – impairment assessment As set out in note 15 of the financial statements the Group has US$88.9m of intellectual property recorded on its balance sheet relating to the ArborGen business. The impairment assessment in relation to the ArborGen business, or Cash Generating Unit (CGU), as disclosed in note 16, is considered to be a key audit matter as a result of the significance of the intellectual property asset to the Group, and the level of judgement required when determining the value in use of ArborGen. The value in use of ArborGen is determined by undertaking a discounted cash flow analysis which involves management making a number of assumptions in relation to forecast future cash flows, determining an appropriate weighted average cost of capital (WACC) and terminal value (TV) growth rate. Each of these inputs requires judgement to be applied.	In performing our audit procedures in this area we: • assessed the appropriateness of the methodology applied by management; • tested the mechanical accuracy of the financial model used by management to calculate ArborGen's value in use; • tested the key data, inputs and assumptions driving the forecast future cash flow. Of particular importance are the average selling prices linked to the projected uptake of Mass Controlled Pollinated (MCP) product primarily in the United States market; • performed a look back analysis for current year actual results, compared to what was forecasted in the prior year impairment model; • considered the appropriateness of management's assessment of the risks and opportunities for ArborGen associated with climate change. We challenged how management considered those risks in the impairment model; • undertook sensitivity analysis on key assumptions to assess the impact on the carrying value of ArborGen; • tested the calculation of the WACC and TV growth rate, including obtaining input from our valuation specialists; and • ensured the disclosures in the financial statements properly reflect the judgements and estimates made by management.

Other information

The directors are responsible on behalf of the Group for the other information. The other information comprises the information in the Annual Report that accompanies the consolidated financial statements and the audit report, and the Climate Statement. The Annual Report and Climate Statement are expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

Our responsibility is to read the other information identified above when it becomes available and consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the other information in the Annual Report and Climate Statement, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and consider further appropriate actions.

Directors' responsibilities for the consolidated financial statements

The directors are responsible on behalf of the Group for the preparation and fair presentation of the consolidated financial statements in accordance with NZ IFRS and IFRS, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible on behalf of the Group for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located on the External Reporting Board's website at:

https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-1

This description forms part of our auditor's report.

Restriction on use

This report is made solely to the Company's shareholders, as a body. Our audit has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Deloitte Limited

Pieter Erasmus, Partner
for Deloitte Limited
Auckland, New Zealand
30 May 2024

CORPORATE GOVERNANCE

This report describes how ArborGen Holdings' (ArborGen) business practices reflect corporate governance best practice and has been approved by the Board. It is current as at 31 March 2024.

The Group's corporate governance framework is guided by the principles and recommendations of the NZX Corporate Governance Code (NZX Code) issued in April 2023.

ArborGen considers its corporate governance practices in FY24 are largely in line with the NZX Code. An explanation has been provided of those areas where ArborGen's practices differ from NZX Code recommendations.

The Company's Code of Conduct and Ethics, Board Charter and other documents related to corporate governance, collectively and individually, encourage high standards of ethical and responsible behaviour. These are available on AborGen's corporate website www.arborgenholdings.com.

NZX Code Recommendation	Explanation
2.9 An issuer should have an independent chair of the Board	David Knott was appointed Chair in 2021. He is not considered independent, as he is a substantial shareholder in ArborGen. This is the only reason the Board considers David to be non-independent, having given consideration to a range of other factors including tenure and related party relationships. As such, his interests are directly aligned with all shareholder interests. The Board has approved David's appointment as Chair and has determined it appropriate given there is a majority of Independent Directors on the Board and the benefits of having his experience and direct institutional knowledge. He is not involved in the day to day running of the business and does not have significant influence over operational decisions. Effective for the 12 months ended 31 March 2024.

PRINCIPLE 1: ETHICAL STANDARDS

'Directors should set high standards of ethical behaviour, model this behaviour and hold management accountable for these standards being followed throughout the organisation.'

1.1 Code of Ethics

The Code of Conduct and Ethics sets out clear expectations for ethical decision-making and personal behaviour by Directors and employees in relation to situations where their or ArborGen's integrity could be compromised. These include conflicts of interest, proper use of Company property and information, fair dealings with employees and other stakeholders, compliance with laws and regulations, reporting of unethical decision making and dishonest behaviour, and related matters.

Included in the Code of Conduct and Ethics are mechanisms for dealing with breaches of the Code. Employees are encouraged to report any breaches in line with the processes outlined in the Code of Ethics. Employees are also encouraged to speak up in line with the Company's Whistleblowing Policy.

The Code of Conduct and Ethics has been communicated to all Directors and employees of the Company, is part of the induction process and is also published on the corporate website www.arborgenholdings.com/governance. The Directors lead by example, modelling high ethical standards to all employees and stakeholders, and it is expected that employees will also follow the highest standards of ethical behaviour. The Code of Ethics is reviewed at least every two years.

ArborGen did not donate to any political parties in FY24.

1.2 Insider Trading Policy

ArborGen has a Security Trading Policy, which along with the Financial Markets Conduct Act 2013, imposes limitations and requirements on Directors and employees in dealing in the Company's shares. These limitations prohibit dealing in shares while in possession of inside information and impose requirements for seeking consent to trade. ArborGen's Securities Trading Policy is published on the corporate website.

While there is no formal requirement to do so, all Directors hold shares in the Company either personally or through affiliates. Details of Directors' share dealings are set out on page 74 of this report.

PRINCIPLE 2: BOARD COMPOSITION AND PERFORMANCE

'To ensure an effective Board, there should be a balance of independence, skills, knowledge, experience and perspectives.'

2.1 Board Charter

The roles and responsibilities of the Board are detailed in the Board Charter, which is reviewed at least every three years and is available on the corporate website. The Board's primary objective is to protect and enhance the value of the assets of the Company and to act in the best interests of the Company.

The Board Charter outlines a number of key roles and responsibilities of the Board, including:

- the review and approval of appropriate corporate strategies and objectives, transactions relating to acquisitions and divestments, capital expenditures above delegated authority limits, financial and capital structure policies, financial statements and reports to shareholders;
- the review of performance against strategic objectives; and
- ensuring that appropriate systems and processes are in place so that the Group is managed in an honest, ethical, responsible and safe manner. The Board Charter is published on the corporate website.

The Board has delegated authority for the day-to-day management of the business to the CEO and the wider senior management team with specified financial and non-financial limits.

2.2 Nomination and Appointment of Directors

Membership, rotation and retirement of Directors is determined in accordance with the Company constitution and NZX Listing Rules.

While the nomination process for new Director appointments is the responsibility of the Board as a whole, the Nomination Committee is responsible for identifying, reviewing and recommending candidates to the full Board.

The Board may engage consultants to assist in the identification, recruitment and appointment of suitable candidates.

Directors will retire and may stand for re-election by shareholders at least every three years, in accordance with the NZX Listing Rules. A Director appointed since the previous annual meeting holds office only until the next annual meeting but is eligible for re-election at that meeting.

Shareholders may also nominate candidates for election to the Board. The Board asks for Director nominations each year prior to the Annual Shareholders Meeting, in accordance with the constitution of the Company and the NZX Listing Rules.

The Board has a skills matrix and takes into account a number of factors including qualifications, experience and skills when making Directorship recommendations to the shareholders. The collective capability of the current Board is assessed against these requirements and the search then focuses on finding a Board member who will best complement the current mix of capabilities on the Board.

Key information is provided to shareholders when a Director stands for election or re-election.

2.3 Written Agreements

The Company has written agreements with each Director, outlining the terms of their appointment. The Board is satisfied that each Director has the necessary time available to devote to the position, broadens the Board's expertise and has the competencies to ensure the effective functioning of the Board.

The Company has arranged a policy of Directors' and officers' liability insurance. This policy covers the Directors and officers so that any monetary loss suffered by them, as a result of actions undertaken by them as Directors or officers, is insured to specified limits (and subject to legal requirements and/or restrictions).

2.4 Director Information

The Company's Constitution requires a minimum of three Directors and provides for a maximum of nine. As at the date of this report, the Board comprises five Directors, of which four are determined to be independent.

As at 31 March 2024, the Directors were:

Director	Role	Residence	Appointed
Dave Knott	Non-independent Chairman (1)	USA	August 2021
George Adams	Independent Director	NZ	August 2019
Tom Avery	Independent Director	USA	July 2018
Ozey Horton	Independent Director	USA	July 2018
Paul Smart	Independent Director	NZ	August 2018

(1) Substantial Product Holder.

Profiles of each Director are available on the ArborGen website at www.arborgenholdings.com/board-of-directors. Directors' interests are disclosed on page 75 of the Annual Report.

The Board considers Director succession on a regular basis, considering such things as tenure, experience and Director workload. The Board believes that the current Directors offer valuable and complementary skill sets and expertise that are of value to the Company.

Board meetings are scheduled throughout the year, with other meetings to deal with certain matters arising from time to time being held when necessary.

The table below sets out Director attendance at Board and committee meetings during FY24. In addition to the formal Board and committee meetings held during the year, Directors regularly participate in discussions with management on a variety of matters.

	Board	Audit Committee	Nominations Committee	Remuneration Committee
Number of meetings held	**5**	**2**	**–**	**1**
Dave Knott	5	2	–	1
George Adams	5	2	–	1
Tom Avery	5	2	–	1
Ozey Horton	5	2	–	1
Paul Smart	5	2	–	1

More information on Board committees is set out under the heading 'Principle 3' on page 65.

2.5 Diversity

ArborGen is continuously developing its culture of performance and growth including employee development and driving its inclusion and diversity strategy. The workforce spans a wide range of age, cultural profiles and backgrounds and the Board and management believe diversity of thought helps innovation. ArborGen has a culture of equity, fairness, and accountability. The Code of Conduct guides behaviour that creates a comfortable and rewarding workplace and ongoing training is provided on diversity and inclusion topics.

The Company ensures its selection processes for recruitment and employee development opportunities are free from bias and are based on merit and the Board has practices in place to ensure diversity and fairness within the organisation. The Company has a flexible working programme that permits work/life balance.

ArborGen has a formal Diversity and Inclusion Policy which is published on the corporate website. The policy sets out how ArborGen will set measurable objectives for achieving and maintaining diversity and inclusion, and how it will assess its progress towards achieving these objectives. The Remuneration Committee provides oversight of employment practices and HR processes and practices. The Board is satisfied that the current activities are in line with the Diversity and Inclusion Policy and with its progress towards achieving our objectives. As measurable metrics for furthering diversity and inclusion are established, performance against these agreed metrics will be referenced in subsequent Annual Reports.

Activities in FY24 included:

- reviewing the scorecard which measures employee composition by gender, age and ethnicity, that is prepared annually for the Remuneration Committee to review;
- tracking completion of employee training courses covering Diversity, Inclusion, Discrimination and Leadership which employees must complete;
- conducting a remuneration review for all positions based on job descriptions and location. Salary adjustments were proposed where appropriate based on this review; and
- completing the annual review of the Employee handbook, with no changes required to be made.

The officers of ArborGen Holdings (as defined by the NZX Listing Rules for the purposes of diversity reporting) are the CEO and specific direct reports of the CEO having key functional responsibility. Officers are:

- Justin Birch
- Adriano Amaral de Almeida
- Christina Green
- Timothy Spreier

Senior executives are:

- Kathy Parker
- Cathy Quinn
- Patrick Cumbie
- Jason Watson

As at 31 March 2024, females represented 11% of Directors and Officers of the Company (31 March 2023: 13%).

ArborGen Holdings	FY24 Female	FY24 Male	FY24 Gender diverse	FY23 Female	FY23 Male	FY23 Gender diverse
Directors	0	5	0	0	5	0
Officers	1	3	0	1	2	0

2.6 Director Training and Education

Directors receive comprehensive information on the Company's operations and have access to any additional information they consider necessary for informed decision-making. The Company is committed to ensuring its Directors have the knowledge and information to discharge their responsibilities effectively.

Directors are required under the Board Charter to continuously educate themselves on how they can appropriately and effectively perform their duties as Directors.

All Directors have access to executives to discuss issues or obtain information on specific areas in relation to matters to be discussed at Board meetings, or other areas as they consider appropriate. The Board committees and Directors, subject to the approval of the Board chair, have the right to seek independent professional advice at the Company's expense, to enable them to carry out their responsibilities.

2.7 Board Performance and Review

The Chair conducts an informal review of and with each director on an annual basis.

The Board also conducts annual reviews of the Board, each Committee, and individual Directors against the Board Charter.

2.8 Director Independence

Of the five Directors, two are ordinarily resident in New Zealand. In addition, the Board has assessed that four of the five Directors are Independent Directors for the purposes of the NZX Listing Rules. In order for a Director to be independent, the Board has determined that he or she must not be an executive of ArborGen and must have no Disqualifying Relationships as defined in the NZX Listing Rules.

Directors are required to notify the Company of any interests they have that could impact an assessment of their independence or their ability to act in the best interests of ArborGen. The Company has processes in place to manage any conflicts of interest with Directors.

2.9 Independent Chair

The Chairman, David Knott, is not considered independent because he is a substantial product holder of the Company. The Board has determined that the appointment of David as Chair is nevertheless appropriate given there is a majority of Independent Directors on the Board and the benefits of having his experience and direct institutional knowledge. He is a Non-executive Director.

2.10 Separation of the Chair and the CEO Roles

The Board supports the separation of the roles of chair and CEO. ArborGen's CEO, Justin Birch, is not a Director on the ArborGen Board.

PRINCIPLE 3: BOARD COMMITTEES

'The Board should use committees where this will enhance its effectiveness in key areas, while still retaining Board responsibility.'

The Board has three standing committees, being the Audit Committee, the Remuneration Committee and the Nominations Committee. Each committee operates under a Charter addressing purpose, constitution and membership, authority, reporting procedures and evaluation of the committee. These Charters are published on ArborGen's corporate website.

The committees enhance the effectiveness of the Board through closer examination of issues and more efficient decision making. However, the Board retains ultimate responsibility for the functions of its committees and determines their responsibilities.

The Board appoints the members and chair of each committee, with the committee chair reporting committee recommendations to the Board.

The Board regularly reviews the charters of each Board committee, the committees' performance against those charters and membership of each committee.

The Board believes that committee charters, committee membership and roles of committee members comply with recommendations in the NZX Code.

Current membership of the Board Committees at 31 March 2024 is set out below.

Committee	Role	Members
Audit Committee	Assist the Board in its oversight of the integrity of financial reporting, financial management and controls, external audit quality independence and the risk management framework.	Paul Smart (Chairman) George Adams Tom Avery Ozey Horton
Remuneration Committee	Assist the Board in evaluating the performances of the senior executives of the Company, setting the remuneration packages for senior executives, and recommending to the Board the remuneration of the senior executives and Non-executive Directors	George Adams (Chairman) Tom Avery Ozey Horton Dave Knott Paul Smart
Nominations Committee	Assist the Board in ensuring appropriate Board performance and composition and in appointing Directors	Dave Knott (Chairman) George Adams Tom Avery Ozey Horton Paul Smart

3.1 Audit Committee

The Audit Committee has a minimum of three members, is comprised solely of Non-executive Directors of the Company and is chaired by an Independent Director. It has been determined by the Board that several members of the Audit Committee have an adequate accounting or financial background as defined in the NZX Listing Rules. All of the members of the Audit Committee are Independent Directors.

One of the main purposes of the Audit Committee is to ensure the quality and independence of the external audit process. The Committee makes enquiries of management and the external auditors so that it is satisfied as to the validity and accuracy of all aspects of the Company's financial reporting. All aspects of the external audit are reported back to the Audit Committee and the external auditors are given the opportunity at Committee meetings to meet with Directors.

The Audit Committee is well resourced and operates under a formal written Charter which is available on ArborGen's website.

3.2 Management Attendance at Audit Committee Meetings

Management attendance at committee meetings is by the Committee's invitation only. Generally, the Committee invites the CEO, CFO and audit partners from New Zealand and the United States to attend meetings.

3.3 Remuneration Committee

The Chair of the Remuneration Committee is an Independent Director as are three of the other four members. Management may only attend Remuneration Committee meetings at the invitation of the Committee. The Committee is well resourced and operates under a formal written charter which is available on ArborGen's website.

3.4 Nomination Committee

The majority of the members of the Nominations Committee are Independent Directors, the Committee is well resourced and operates under a formal written charter which is available on ArborGen's corporate website.

3.5 Other Board Committees

Special purpose committees may be formed to review and monitor specific projects. There were no other Board committees formed during FY24.

3.6 Takeover Protocols

In the event of a takeover, the Board's protocols require the immediate formation of a subcommittee (the Takeovers Committee), comprised of non-interested Non-executive Directors, which will have the authority to make binding decisions in respect of the takeover, including:

- retaining independent legal and financial advisers;
- appointing an independent adviser for the purposes of the Takeovers Code;
- negotiating with the bidder;
- ensuring strict process separation and independence from interested Directors; and
- approving any announcements or communications relating to the potential transaction.

PRINCIPLE 4: REPORTING AND DISCLOSURE

'The Board should demand integrity in financial and non-financial reporting, and in the timeliness and balance of corporate disclosures.'

4.1 Continuous Disclosure Policy

The Board is committed to providing accurate, adequate and timely information both to its shareholders and to the market generally. This enables all investors to make informed decisions about the Company. All significant announcements made to NZX, and reports issued, are posted on the Company's website. The Company has procedures in place to ensure that it complies with its continuous disclosure requirements under the NZX Listing Rules. The Continuous Disclosure Policy governs the release to the market of all material information that may affect the value of the Company. This policy is available on ArborGen's corporate website.

4.2 Access to Key Governance Policies

Copies of the key governance documents, including the Continuous Disclosure Policy, Code of Conduct and Ethics, Remuneration, Securities Trading Policy, Board and Committee Charters and Diversity and Inclusion, ESG and Sustainability policies are available on the Company's website.

https://www.arborgenholdings.com/governance-documents

4.3 Financial Reporting

The Board is ultimately responsible for ensuring the quality and integrity of the Company's financial reports. To achieve this, the Company has in place a structure to independently verify and safeguard the integrity of the Group's reporting. The Audit Committee constitutes a key component of this structure.

For the financial year ended 31 March 2024, the Directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the Group and facilitate compliance with the Financial Reporting Act 2013.

The Audit Committee has confirmed in writing to the Board that ArborGen's external financial reports are balanced, clear and objective and present a true and fair view in all material aspects.

ArborGen's full year and half year financial statements are available on ArborGen's website.

4.4 Non-financial Reporting

Non-financial information is provided on a regular basis to shareholders to allow them to measure the progress of the Company. ArborGen discusses its strategic objectives and its progress against these in the Chair and CEO's commentary in shareholder reports and other market communications.

Environmental and Social commentary has been provided in this year's Annual Report at page 19, and ArborGen is reporting for the first time in line with Climate Related Disclosures (NZ CS 1). ArborGen's aim is to care and protect the natural ecosystem and provide positive benefits for its people and communities, while delivering robust financial performance and profitability for shareholders. The Company is on a continuous journey to identify ways to measure and monitor its environmental and social impact. The Board believes this will help to improve all aspects of the business and deliver positive benefits for all stakeholders.

PRINCIPLE 5: REMUNERATION

'The remuneration of Directors and executives should be transparent, fair and reasonable.'

The Company's remuneration policies aim to attract and retain talented and motivated Directors and executives who will contribute to enhancing the performance of the Company.

The framework for the determination and payment of Directors' and senior executives' remuneration is set out in ArborGen's Remuneration Policy available on ArborGen's corporate website. External advice is sought on a regular basis to ensure remuneration is benchmarked to the market for senior management positions, Directors and Board committee positions.

The Company believes it is appropriate to have Directors' and executives' remuneration aligned with the performance of the Company, and that the ownership of ArborGen Holdings' shares is a good way of achieving this goal.

Further details on remuneration are provided in the Remuneration section of this Annual Report on pages 72 to 74.

5.1 Directors' Remuneration

Shareholders fix the total remuneration available for Directors. Approval is sought for any increase in the pool available to pay Directors' fees, and any recommendations to shareholders regarding Director remuneration are provided for approval in a transparent manner. If independent advice is sought by the Board, it will be disclosed to shareholders as part of the approval process.

The last Director fee pool was approved by shareholders at the Annual Meeting in 2001 for a total fee pool of NZ$800,000. Total fees paid in FY24 were NZ$265,001, with David Knott volunteering to reduce his Chair fee to NZ$1.

Board policy is that no sum is paid to a Non-executive Director upon retirement or cessation of office.

While there is no formal requirement to do so, all Directors hold shares in the Company either personally or through affiliates.

Directors' interests and share dealings in the Company are detailed on pages 72 and 74.

Remuneration for each Board role as at 31 March 2024 is as follows. Specific payments made to each Director during FY24 as well as other related information, is set out in the Remuneration Report on page 72.

Role	Fee
Chair	NZ$80,000
Non-executive Director	NZ$62,500
Committee Chair	NZ$7,500

5.2 and 5.3 Executive and CEO Remuneration

ArborGen's executive remuneration policies and practices are designed to attract, retain and motivate high calibre people and create a performance-focussed culture. Details of executive and CEO Remuneration are set out in the Remuneration Report on pages 72 to 74.

PRINCIPLE 6: RISK MANAGEMENT

'Directors should have a sound understanding of the material risks faced by the issuer and how to manage them. The Board should regularly verify that the issuer has appropriate processes that identify and manage potential and material risks.'

6.1 Risk Management Framework

ArborGen is committed to proactively managing risk. While this is the responsibility of the entire Board, the Audit Committee assists the Board and provides additional oversight in regards to the risk management framework and monitoring compliance with that framework.

The Audit Committee carries out a robust risk assessment process which includes reviews with management and the independent Auditor of significant risks and exposures of the Group, and assessments of risk mitigation steps taken by management to minimise such risks. The Board receives regular reports of the material, emerging and existing risks from management.

The executive team and senior management are required to regularly identify the major risks affecting the business and develop structures, practices and processes to manage and monitor these risks. ArborGen has a Risk Register that is regularly updated and discussed with the Board incorporating risk ratings both pre and post risk mitigation controls. Risk assessments are reviewed and re-evaluated, with additional controls added in some cases, following separate discussions with respective team members for each risk area, and the Board.

The Board is satisfied that ArborGen has in place a risk management process to effectively identify, manage and monitor ArborGen's principal risks. ArborGen maintains insurance policies that it considers adequate to meet its insurable risks.

ArborGen considers that the material risks facing the business are:

Key Risk	Description	Mitigation
Climate related risks and weather events See additional information below	• Freezes during flower pollination season reducing annual seed production volumes • Hurricane damage, or other large scale natural disaster-related damage, to orchards • Inability to bag all selected flowers in orchards during pollination due to an accelerated season	• Building buffer seed inventory in the right genetics for each provenance • Establishing orchard blocks on properties outside of their typical range for the provenance (e.g. Coastal orchards in Texas) • Maintaining redundant orchard capacity • Recycling / renewing orchards per standard orchard management on a schedule to distribute orchard acres across ages
Customer Activity	• Reductions or cancellations of seedling orders • Advanced genetics (AG) adoption rate • Competitor pricing pressure	• Detailed customer planning process • Contractual terms limiting order reductions and strict timelines • Customer diversification • Comprehensive sales and marketing programme with focus on MCP • Continued AG new product development • Differentiation based on AG product offer, superior service and seedling quality • Margin management
Economic environment and trading conditions	• Exposure to economic fluctuations impacting demand, pricing, and overall financial performance	• Regular economic analysis and scenario planning to anticipate and respond to market changes • Active financial stewardship
Emerging market (Brazil)	• Growth rate in emerging market • Economic and financial environment in Brazil	• Engagement with local advisers • Robust strategic plans and oversight • Strong leadership team, with local experience and knowledge

6.2 Climate Related Risks and Disclosures

Climate is inherently linked to the nature of ArborGen's business. ArborGen recognises the need to proactively manage the risks and opportunities that arise from climate change, in the same way it manages other risks and opportunities facing the business.

As of 1 April 2023, the Group is a Climate Reporting Entity for the purpose of the Financial Markets Conduct Act 2013 ('FMCA'). This year, for the first time, ArborGen will report against the Aotearoa New Zealand Climate Standards. We will publish our Climate-related Disclosures as a separate document on or before 31 July 2024 and this will be available at www.arborgenholdings.com/sustainability.

6.3 Health and Safety

The health and safety of employees, customers and suppliers is critical and essential for ArborGen's success. Board and management are committed to delivering a safe workplace, and safety training is integral to the Company's zero-harm goal. Health and safety results are monitored and measured against zero-harm expectations. The Company provides safety education programmes and has other continuous programme initiatives in place to keep people safe at work. At ArborGen's secure containment facilities, procedures are designed to ensure compliance with regulatory requirements in each of the jurisdictions in which the Company operates, including procedures to ensure employee safety at those facilities.

In FY24, the Total Case Incident Rate (TCIR) for all ArborGen facilities in all geographies was 0.5. TCIR is defined as total number of recordable injuries and illness cases per 100 full-time employees that a site has experienced in a given time frame.

PRINCIPLE 7: AUDITORS

'The Board should ensure the quality and independence of the external audit process.'

7.1 External Audit

The Board's relationship with its external auditors is governed by the Audit Committee Charter. The Charter includes provisions for the Committee's responsibilities to maintain direct and indirect lines of communication with the external audit function and to ensure that the ability and independence of the external audit function to carry out its statutory audit role is not impaired, or could reasonably be perceived to be impaired.

For the year ended March 2024, the Company's external auditor was Deloitte. Deloitte was first appointed as auditor in 2019 and re-appointed under the Companies Act 1993 at the 2023 Annual Shareholders Meeting. Consistent with best practice, the audit partner is rotated at no greater than five yearly intervals, with the next lead partner rotation due in 2025.

A formal engagement letter with Deloitte clearly sets out the responsibilities of Deloitte in relation to the external audit of the Group's financial statements and financial systems.

The Audit Committee monitors the ongoing independence, quality and performance of the external auditors and monitors audit partner rotation. The committee pre-approves any non-audit work undertaken by the external auditors. There were no non-audit services provided by Deloitte in FY24. The fees paid for audit services in FY24 are presented in Note 7 of the Financial Report.

Deloitte attends all Audit Committee meetings and has sessions, at least semi-annually, with the Audit Committee without management in attendance.

The Audit Committee is satisfied that the independence of Deloitte is not compromised by any relationship between Deloitte and ArborGen or any related party or as a result of any non-audit services provided by Deloitte, and has obtained confirmation from Deloitte to this effect.

7.2 Attendance at Annual Meeting

The external auditors attend the Annual Shareholders Meeting each year and are available to answer questions from shareholders relevant to the audit.

7.3 Internal Audit

ArborGen does not have a dedicated Internal Auditor role. ArborGen has a number of internal controls overseen by the Audit Committee as per the Audit Committee Charter, including controls for treasury, delegated authority, and prevention and identification of fraud. As part of the external audit process, Deloitte provide feedback on internal processes and functions.

PRINCIPLE 8: SHAREHOLDER RIGHTS AND RELATIONS

'The Board should respect the rights of shareholders and foster constructive relationships with shareholders that encourage them to engage with the issuer.'

8.1 Investor Website

Easy access to information about the performance of ArborGen and relevant investor and governance information is available on the Company's website www.arborgenholdings.com.

8.2 Engagement with Shareholders

The Board is committed to promoting good relations with the shareholders through effective communication, ready access to information about the Company, and facilitating participation at shareholder meetings.

Shareholders are encouraged to attend the Annual Shareholders Meeting and may raise matters for discussion at this event. The Annual Shareholders Meeting is streamed live and is accessible worldwide. All written communications and reports are available on the Company's website, as well as emailed to shareholders who elect to be emailed.

Shareholders are given the option to communicate with the Company and its share registry electronically. Approximately 54% of ArborGen's shareholders have opted for email communications.

The Company has a formal continuous disclosure policy in place and the Company regularly communicates to the market to ensure compliance with the NZX Rules on continuous disclosure.

8.3 Voting on Major Decisions

In accordance with the NZX Listing Rules, shareholders have the right to vote on major decisions which may change the nature of the Company. Each shareholder has one vote per share and voting is conducted by polls.

8.4 Equity Offers

ArborGen did not undertake any capital raising during FY24. Should ArborGen consider raising additional capital, we will structure the offer having regard to likely levels of shareholder participation and optimising and enhancing the ability to maximise the level of capital raised. The Board will look to give all shareholders an opportunity to participate in any capital raising.

8.4 Notice of Meeting

The notice of the Annual Shareholders Meeting is announced on the NZX, sent to shareholders and posted on the Company's website at least 20 working days prior to the meeting each year. In 2023, the Notice of Meeting was sent on 21 August, with the meeting held on 20 September.

REMUNERATION REPORT

ArborGen's Remuneration committee assists the Board in evaluating the performances of the senior executives of the Company, setting the remuneration packages for senior executives, and recommending to the Board the remuneration of the senior executives and Non-executive Directors. More information is set out in the Corporate Governance statement in this Annual Report.

Director Remuneration

The Company's remuneration policies aim to attract and retain talented and motivated Directors and executives who will contribute to enhancing the performance of the Company. The remuneration for each Board role is shown on page 68.

Directors' fees exclude GST, where applicable. Directors are entitled to be reimbursed for costs directly associated with carrying out their duties, including travel costs. Board policy is that no sum is paid to a Non-executive director upon retirement or cessation of office. Directors do not participate in the Company's short or long term incentives.

The total amount of remuneration and other benefits received by the Directors during the year ended 31 March 2024 was NZ$265,001 as shown in the table below.

Director	Responsibility	Directors Fees	Committee Fees	FY24 Total
DM Knott	Board Chair Nominations Committee Chair	NZ$80,000		NZ$1 [1]
TA Avery		NZ$62,500		NZ$62,500
OK Horton		NZ$62,500		NZ$62,500
PR Smart	Audit Committee Chair	NZ$62,500	NZ$7,500	NZ$70,000
THG Adams	Remuneration Committee Chair	NZ$62,500	NZ$7,500	NZ$70,000

(1) David Knott volunteered to reduce his Chair fee to NZ$1.

Director Equity Holdings

The Company believes it is appropriate to have Directors' and executives' remuneration aligned with the performance of the Company, and that the ownership of ArborGen Holdings' shares is a good way of achieving this goal. As at 31 March 2024, Directors of the Company held the following relevant interests (as defined in the Financial Markets Conduct Act 2013) in ArborGen shares:

Name	Position	Number of Shares
DM Knott	Chairman and Non-executive Director	137,663,111
TA Avery	Non-executive Director [1]	555,350
OK Horton	Non-executive Director [1]	555,350
PR Smart	Non-executive Director [1]	555,350
THG Adams	Non-executive Director [2]	820,998

(1) Shares issued under the 2018 Share Plan (see the Company's 2022 Annual Report for further details).
(2) Shares issued under the 2019 Share Plan.

Executive Remuneration

The Group's Remuneration Policy aims to attract, retain and incentivise employees in order to drive and enhance Company performance. Performance incentive payments are determined by the Remuneration Committee and are calculated by measuring actual performance outputs against target individual and/or Company objectives.

In September 2019, the Board established a new share-based incentive scheme named the Rubicon Limited 2019 Omnibus Incentive Scheme (the Omnibus Incentive Scheme) permitting the Board or the Remuneration Committee to grant various equity-based awards (including stock options, stock appreciation rights, restricted stock units and other types of equity and cash awards) to officers, employees and directors of the ArborGen Group. The Omnibus Incentive Scheme aims to align the interests of the Groups' officers, employees and directors with those of the Company's shareholders over the longer term.

There was no approved Long Term Incentive Plan in respect of the fiscal year ending 31 March 2024 (FY24).

CEO Remuneration

Outgoing CEO

Andrew Baum stepped down as CEO on 16 June 2023. In connection with the cessation of his employment, Mr. Baum received a payment equal to one year of his base salary of US$405,736, which he elected to receive in the form of ARB Ordinary Shares. ArborGen issued those shares to him at an issue price based on the Average Market Price (as defined in the NZX Listing Rules) of ARB Ordinary Shares on NZX at that time his employment ceased. He also received a cash payment equivalent to the taxes due as a result of the share issuance.

Incoming CEO

Justin Birch commenced as CEO on 16 June 2023. The CEO's remuneration package reflects the complexity of the role and the wide-ranging skills needed to do it well, and is intended to strongly align his interests with those of shareholders. It comprises:

- A fixed remuneration component comprising cash salary of US$425,000 (Base Salary)
- Annual short-term incentive of up to 100% of Base Salary:
    - Guaranteed for and paid after ArborGen's fiscal year ended 31 March 2024 comprising:
        - (i) US$212,500 paid in cash; and
        - (ii) US$212,500 in ARB ordinary shares
    - For fiscal year ended 31 March 2025 and each fiscal year thereafter:
        - (i) a cash bonus of up to 50% of then-current Base Salary; and
        - (ii) a bonus paid in ARB ordinary shares of up to 50% of then-current Base Salary, in each case subject to meeting performance criteria determined by the Remuneration committee.
- An equity grant of restricted ordinary shares (Restricted Shares) equal to 4% of ordinary shares in ARB subject to shareholder approval, as required, comprising:
    - 50% Time-Based Shares: 50% of such Restricted Shares shall vest as follows:
        - (i) one third shall vest on the first anniversary of the employment commencement date (Starting Date); and
        - (ii) two thirds shall vest on the second anniversary of the Starting Date, in each case subject to completion of continuous service with ArborGen or an affiliate until the applicable vesting date
    - 50% Performance-Based Shares: 50% of such Restricted Shares shall vest as follows:
        - (i) one half of such Performance-Based Shares shall vest on June 1, 2024, and
        - (ii) the other half of such Performance-Based Shares shall vest on June 1, 2025 in each case subject to satisfaction of applicable performance criteria determined by the Remuneration Committee and to completion of continuous service with ArborGen or an affiliate until the applicable vesting date.

If the Company terminates the Chief Executive Officer's employment without cause, the Company shall pay the Executive an amount equal to twelve months of the Chief Executive Officer's Base Salary.

The Remuneration Committee and the Board approved the grant of the Restricted Shares set out above in accordance with the Rubicon Limited 2019 Omnibus Incentive Scheme (the Omnibus Incentive Scheme) established in September 2019, subject to the requirements of the NZX Listing Rules. The Omnibus Incentive Scheme permits the Board or the Remuneration Committee to grant various equity based awards to officers, employees and directors of the ArborGen Group, with the aim of aligning the interests of the Groups' officers, employees and directors with those of the Company's shareholders over the longer term.

Under the Omnibus Incentive Scheme, the Remuneration Committee can, but is not obligated to, permit the mandatory tax withholdings of equity-based awards to be satisfied by withholding shares to which the recipient would otherwise be entitled. In that event, the Company would use its own cash to satisfy the withholding taxes of the recipient and accordingly reduce the number of shares transferred upon vesting to the recipient.

The Board ensures that the CEO's remuneration, including base salary, is aligned with appropriate market rates and reflects performance and delivery of sustainable shareholder value.

Further information on the CEO's Remuneration was provided in the FY23 Notice of Meeting, where shareholders approved the issue of 10,471,477 shares to the Justin Birch Trust, in addition to the 9,780,000 issued in July 2023.

	Fixed Remuneration		Short Term Incentive			Long Term Incentive		Total
	Base Salary	Other benefits	Cash	Number of Shares Vested	Market Price	Number of Shares Vested	Market Price	
FY23: A Baum	$403,449	$31,200	$94,422 (1)					$529,071
FY24: A Baum	$93,600	$72,320	$181,012 (2)	3,514,844	$405,736			$752,668
FY24: J Birch (4)	$359,600	$315,920	$212,500 (3)		$212,500			$1,100,520

(1) In FY23, A Baum received a bonus related to the Strategic Review totalling USD$25,000. He received a STI payment of $69,422 equivalent to 80% of maximum STI bonus available.

(2) Refer to Dealings in Company Securities below.

(3) Unpaid and unissued at 30 May 2024.

(4) Refer to page 73 for long term incentives yet to be awarded.

Employee Remuneration

In accordance with Section 211 of the Companies Act, remuneration and other benefits (including performance benefits and any redundancy payments) which in total exceeded NZ$100,000 per annum received by employees of ArborGen and its subsidiaries (i.e. including ArborGen Inc and its respective subsidiaries) in the period ended 31 March 2024 is summarised in the following table:

NZ$000			Number of Employees
100	to	110	14
110	to	120	10
120	to	130	9
130	to	140	7
140	to	150	1
150	to	160	5
160	to	170	4
170	to	180	1
180	to	190	2
200	to	210	1
210	to	220	1

NZ$000			Number of Employees
220	to	230	1
230	to	240	1
240	to	250	1
260	to	270	1
280	to	290	1
290	to	300	1
300	to	310	1
310	to	320	1
320	to	330	1
400	to	410	1

Payments are inclusive of redundancy and severance payments, and exclude discontinued operations.

DEALINGS IN COMPANY SECURITIES

There has been no trading in ArborGen Holdings' shares by Directors and Senior Officers during the twelve-month period ended 31 March 2024 other than vesting of shares under the Non-Executive Directors' Share Plans and the issuance of shares under the Executive Fixed Trading Plan:

- 20,251,477 new shares issued to Justin Birch pursuant to the Restricted Share Agreement dated 27 September 2023 as detailed in notes 19 and 25 of these financial statements; and
- Pursuant to Andrew Baum's employment cessation agreement, Andrew was entitled to the equivalent of one year of his base salary of US$405,736 in ArborGen Holdings shares. Accordingly on 21 June 2023, 3,514,844 new ArborGen Holdings ordinary shares (Separation Shares) were issued at the 5-day VWAP of NZ$0.184992 per share (equivalent to NZ$650,218 in value, being US$405,736 converted at an NZD/USD exchange rate of 0.6240).

STATUTORY INFORMATION

INTERESTS REGISTER

Directors' certificates to cover entries in the Interests Register made during the twelve-month period ended 31 March 2024 in respect of remuneration, dealing in the Company's securities, insurance and other interests have been separately disclosed as required by the New Zealand Companies Act 1993.

Directors' Interests

The following are particulars of general disclosures of interest given by the Directors of the Company as at the date of this report pursuant to section 140(2) of the Companies Act 1993:

		Relationship
DM Knott	Knott Partners, LP	Managing Member
	Daida LLC	Board Member
	The HiGro Group, LLC	Advisory Board
	Knott Family Foundation	President
THG Adams	Apollo Foods Limited	Executive Chairman and shareholder
	Bremworth Limited	Chairman
	Insightful Mobility Limited	Chairman and shareholder
	Netlogix Group Holdings	Chairman
	New Zealand Frost Fans Holdco Limited	Chairman
	Synlait Milk Limited	Chairman
	Synlait Milk Finance Limited	Director
TA Avery	CRA International Inc	Director and shareholder
	KIPP Metro Atlanta	Director
	PowerUP Scholarship	Director
	Southeast Pet Inc	Advisory Board Member
OK Horton	Al Dabbagh Group	Advisory Board Director
	Louisiana-Pacific Corporation	Director and shareholder
	Worthington Industries, Inc	Director and shareholder
	MUSC Hollings Cancer Center	Advisory Board Member
	Liberty Fellowship Foundation	Mentor
PR Smart	Vortex Power Systems Limited	Director and Chair
	Argus Fire Systems Service Limited	Director
	Genus ABS (NZ) Limited	Director
	Bellbird Trust	Trustee
	Saddleback Trust	Trustee and Beneficiary
	Sunrise Consulting Limited	Director

During the twelve-month period ended 31 March 2023 Directors advised the following resignations:

		Relationship
THG Adams	Mix Global Holdings Limited	Chairman
	Hellers Group Holdings Limited	Director
TA Avery	Razorhorse Capital	Advisory Board Member
OK Horton	Spoleto Festival, USA	Board Member
PR Smart	Tamata Hauha Limited	Director and Chair

SUBSIDIARY COMPANY DIRECTORS

Section 211(2) of the Companies Act 1993 requires the Company to disclose in relation to directors and former directors of its subsidiaries, amongst other things, the total remuneration and value of other benefits received by them, and particulars of interest register entries made by them during the twelve-month period ended 31 March 2024. No employee of an ArborGen Group company appointed as a director of any wholly-owned subsidiary receives any remuneration or other benefits in that role. The remuneration and other benefits of employees are disclosed elsewhere in this Annual Report. No director of any subsidiary receives any remuneration or other benefits as a director. The following persons held office as directors of subsidiary companies as at 31 March 2024, or in the case of those persons with the letter (R) after their name, ceased to hold office during the period:

Rubicon Forests Holdings Limited	DM Knott, PR Smart
Rubicon Industries USA LLC	DM Knott
ArborGen Inc	DM Knott, TA Avery, JH Birch OK Horton, PR Smart, THG Adams
ArborGen Comercio de Produtos Florestais Importacao e Exportacao LTDA	A Amaral de Almeida, G Bassa (R)
ArborGen Technologia Florestal LTDA	A Amaral de Almeida, G Bassa (R)
ArborGen Australia Holdings Pty Ltd	G Mann, A Frees, AM Baum
ArborGen Australia Pty Ltd	G Mann, A Frees, AM Baum

SHAREHOLDER INFORMATION

The Company's shares are listed on the Main Board of NZX Limited. The 20 shareholders of record with the largest holdings of shares at 1 May 2024 were:

	Number of shares	% of shares
HSBC Nominees (New Zealand) Limited - NZCSD	156,027,018	29.61
Citibank Nominees (New Zealand) Limited - NZCSD	129,814,405	24.63
Accident Compensation Corporation - NZCSD	38,189,609	7.25
JBWere (NZ) Nominees Limited	24,873,499	4.72
Justin Birch a/c - A Brown	20,251,477	3.84
Sky Hill Limited	20,047,043	3.80
JPMorgan Chase Bank NA NZ Branch - NZCSD	9,630,389	1.83
The Tai Shan Foundation – F Pearson & S Pearson	6,574,252	1.25
Public Trust - NZCSD	6,274,966	1.19
Squirrel a/c - A Mansell, S Pearson & J Pearson	6,194,466	1.18
S Moriarty	5,320,000	1.01
A Baum	4,703,351	0.89
H Fletcher & S Fletcher	4,318,182	0.82
M Taylor	3,680,000	0.70
New Zealand Depository Nominee Limited	3,025,683	0.57
Moriarty Superannuation Fund – S & D Moriarty	2,710,124	0.51
The So Proud a/c – S Godfrey, D Toothill & M Godfrey	2,639,027	0.50
K Chiam	2,241,937	0.43
B Tyler	2,000,000	0.38
Custodial Services Limited	1,917,424	0.36
Total	**450,432,852**	**85.47**

DISTRIBUTION OF SHAREHOLDERS AND HOLDINGS AS AT 1 MAY 2024

	Number of shareholders		Number of shares	
Size of holding	**Number**	**%**	**Number**	**%**
1-999	1,808	33.95	1,180,959	0.22
1,000–9,999	2,857	53.65	7,532,539	1.43
10,000–49,999	410	7.70	8,191,938	1.55
50,000–99,999	79	1.48	5,355,159	1.02
100,000 and over	171	3.21	504,697,194	95.78
Total (1)	**5,325**	**100.00**	**526,957,789**	**100.00**

(1) Includes shares issued under the Non-Executive Directors Share Plan.

DOMICILE OF SHAREHOLDERS AND HOLDINGS AS AT 1 MAY 2024

	Number of shareholders		Number of shares	
	Number	**%**	**Number**	**%**
New Zealand	4,309	80.92	359,531,523 (1)	68.23
Australia	622	11.68	134,007,122	25.43
United Kingdom	152	2.86	21,010,209	3.99
United States of America	146	2.74	9,564,488	1.81
Other	96	1.80	2,844,447	0.54
Total (1)	**5,325**	**100.00**	**526,957,789**	**100.00**

(1) Includes shares held by US-based shareholders through New Zealand nominee companies.

SUBSTANTIAL PRODUCT HOLDERS

According to notices that have been provided under the Financial Markets Conduct Act 2013, as at 31 March 2024 the following were substantial product holders in the Company. In terms of the Act, the number of shares and percentages shown below are as last advised by the substantial product holder and may not be their current holdings or reflect the current percentage of the voting securities on issue.

Substantial product holder	Number of voting securities held at date of notice	% of voting securities held at date of notice	Date of notice
Dave Knott [a]	115,583,162	28.256	23 August 2016 [2]
Libra Fund LP / Ranjan Tandon	77,149,367	14.64	6 October 2023 [1]
Accident Compensation Corporation	32,221,000	6.604	4 January 2018 [1]
Irvin Kessler	25,000,000	5.124	3 January 2018 [1]
Bank of New Zealand [b]	25,000,000	5.124	8 January 2018 [1]
Greensprings Capital LP	28,256,064	5.36	12 October 2023 [1]

The following substantial product holder notices have been received (which are included in the substantial product holder notices disclosed above). The number of shares and percentages shown below are as last advised by the substantial product holder and may not be their current holdings or reflect the current percentage of the voting securities on issue.

Substantial product holder	Number of voting securities	% of ArborGen voting securities	Date of notice
(a) Mr Knott has disclosed he holds a relevant interest in ArborGen shares held by:			
Dorset Management Corporation	105,679,657	25.835	23 August 2016 [2]
Knott Partners, L.P.[i]	82,511,226	20.171	13 June 2014 [2]
Various other interests	9,903,505	2.421	23 August 2016 [2]

(i) Dorset Management Corporation has entered into an investment management agreement with Knott Partners, L.P. pursuant to which Dorset Management Corporation has discretion over the acquisition, disposition and voting of the securities held by Knott Partners, L.P. Dave Knott is the sole shareholder, Director and President of Dorset Management Corporation. All of the voting securities held by Knott Partners, L.P. are therefore also included in the number of voting securities held by Dorset Management Corporation.

(b) In their substantial product holder notice the Bank of New Zealand stated "Conditional power to control the disposal of the financial product. The relevant interest only arises from the powers of investment contained in an investment management contract for Bank of New Zealand's portfolio execution service."

The total number of issued voting securities at 31 March 2024 was 526,957,789. All of the references to voting securities in this section are to the Company's ordinary shares.

(1) The total number of shares on issue at date substantial product holder notice was received was 487,908,343.

(2) The total number of shares on issue at date substantial product holder notice was received was 409,051,378.

OTHER

Directors' and Officers' Indemnity and Insurance

In accordance with section 162 of the Companies Act 1993 and the constitution of the Company, the Company has given indemnities to, and has effected insurance for, Directors and executives of ArborGen and its related companies which indemnify and insure Directors and executives against monetary losses as a result of actions or omissions by them in the course of their duties. The Company shall maintain insurance cover for the Directors and executives for a period of seven years following the date the Director or executive has ceased to be a Director or executive of the Company. Excluded from the indemnity are actions of criminal liability or breach of the Director's duty to act in what they believe to be the best interests of the Company.

Donations

During the twelve-month period ended 31 March 2023, the total amount of donations made by ArborGen and its subsidiaries was $1,889 (2023: $2,313).

Credit Rating

ArborGen has not sought a credit rating.

NZX Waivers

No NZX waivers were granted to the Company by NZX, or otherwise relied upon by the Company, under the NZX Listing Rules during the period from 1 April 2023 to 31 March 2024.

DIRECTORY

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DIRECTORS
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George Adams, Independent Director (NZ)
Ozey Horton, Independent Director (USA)
Paul Smart, Independent Director (NZ)
Tom Avery, Independent Director (USA)

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Website: www.computershare.co.nz

AUDITOR
Deloitte Limited

SOLICITOR
DLA Piper

(1) Substantial product holder.


www.arborgenholdings.com