



ARBORGEN HOLDINGS

FY21 Results Presentation

For the 12 months ended 31 March 2021



ArborGen
— HOLDINGS —

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

FY21: DELIVERING ON OUR VISION

FY21 results provide validation of the strategic vision, with the value story now becoming apparent. Strong momentum and supportive tailwinds will drive further growth in FY22 and beyond.

- Solid year on year performance in FY21 with significant improvements in net earnings, operating cash flow and US-GAAP EBITDA
 - Profit growth in line with expectations despite Covid impact
 - Material improvement in NPAT to \$3.2m (\$2.7m loss in FY20)
 - Strong operating cash flow of \$9.9m, up 106%
 - Reduction in net debt to \$27.4m, down \$2.2m FY21
 - Doubling of US-GAAP EBITDA to \$11.3m, up 109%
- Well positioned for FY22 with 30% increase in MCP seed harvested
 - Further growth of MCP expected in future years from maturity of orchards and flowers pollinated in FY21
 - 10+ year lead on the competition in loblolly pine advanced genetics supported by decades of investment developing the best proprietary genetics and deploying these in seed orchards

FY22 Outlook and Guidance

- **US-GAAP EBITDA guidance for FY22 of \$13 - \$14.5 million – a material increase on FY21 US-GAAP EBITDA which included government grant income, resulting in higher cash flow and further reduction in net debt**
- Strong tailwinds for FY22 and beyond – strong housing growth and carbon credits provide significant growth opportunities, with added opportunity to extend proprietary intellectual property into other crop species



OUR BUSINESS

We are a leading global provider of conventional and advanced genetics tree seedling products.

- Largest global commercial supplier of tree seedlings, specialising in loblolly pine (US and Brazil), radiata pine (NZ) and eucalyptus (Brazil and Australia) plantation forestry species
- Leading provider of advanced genetics for the forest industry in these regions, offering high-value products that significantly improve the productivity of a given acre of forestry land
- Unique IP and field trails demonstrating the out-performance of our advanced genetic products. Continued significant investment in R&D and state of the art technology to drive continuous improvement
- Competitive advantage driven by decades of R&D, intellectual property, investment and capability
- DNA repository of more than 30,000 families and ability to identify trees that will perform best in specific regions and sites
- 18 seedling nurseries, 12 seed producing orchards and overall production capacity of 540 million
- Servicing more than 2,000 customers each year

OUR VISION

We are building a global, high growth business by bringing proprietary seedlings that offer “step changes” in productivity to the forestry industry

- We have unparalleled product portfolios in each of our core markets
- Comprehensive Technology platform
- Over 5,000 next-generation pine products and 200+ eucalyptus in pipeline
- Own one of the world’s largest and most diverse repositories of commercial tree germplasm
- Catalogued roughly 30,000 unique varieties
- Currently conducting ~1,000 field trials containing more than one million trees
- Base of over 8,500 customers

Primary End Markets



WOOD PRODUCTS



PULP & PAPER PRODUCTS



BIOENERGY



CHARCOAL

GLOBAL FOOTPRINT

We are targeting markets where genetics will make a significant difference

We are already the leader in three of the largest pine & eucalyptus markets in the world—US, South America and Australasia

We will expand into markets where:

- Deploying our superior genetics will create significant gains in productivity and profitability
- We can establish a large scale defensible competitive position



Our business spans over 20 locations in four countries and has more than 185 employees

LEADING TECHNOLOGY PLATFORM

We are the leading provider of proprietary advanced genetics operating across the entire technology spectrum



Germplasm Repository

Over 30,000 unique varieties of radiata and loblolly pine which provide the “raw material” for our product development programs



Tree Improvement Expertise

Built on over 100 collective years of tree improvement research and based on the most comprehensive and extensive field trial program in forestry

We are currently conducting ~1,000 field trials containing more than 1 million trees



Proprietary Production Technologies

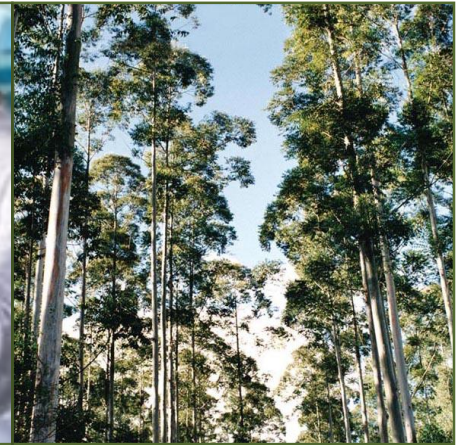
Enabling commercialisation of unique proprietary products, and entry into new crop species



Genomics and Bioinformatics

Pioneering the use of genomics in loblolly pine. This is at the core of our business and will accelerate product development timelines

ArborGen uses advanced statistical models and proprietary growth and yield models to develop products with advanced genetics



Biotechnology Product Development

We are developing eucalyptus products with herbicide resistance using our eucalyptus transformation system which is one of the broadest and most advanced in the world



OUR PRODUCT PORTFOLIO

We are advancing genetics through breeding

Open Pollinated: OP Advanced, Select and Elite

Produced from best mother & fertilized with pollen of an unknown father tree

ELITE GENETICS PRODUCTS

MCP: Advanced, Select, Elite, 2.0

Seedlings produced from best mother and father. ArborGen has the most advanced and most broadly adapted MCP pipeline in the industry

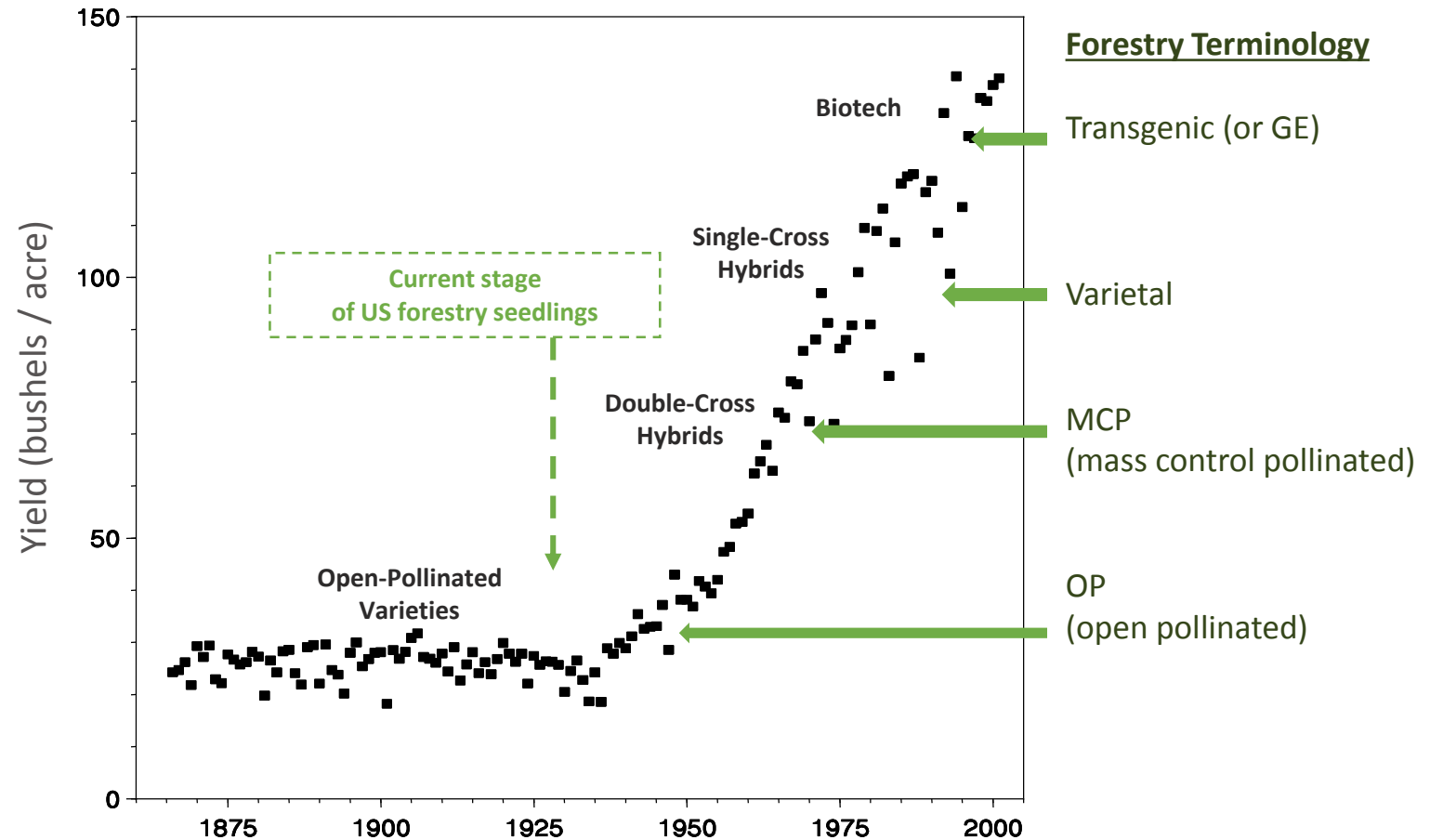
Varietals

Multiple copies of best MCP seedlings, selected from extensive trials. ArborGen is the only company in the world with the ability to produce varieties at scale

WE ARE TRANSFORMING FORESTRY PRODUCTIVITY

Our pine technology platform is positioned to transform forestry productivity

The corn sector provides a parallel insight into the opportunity for ArborGen's advanced genetics to lift the yield in forestry



CORE GROWTH STRATEGY

Our core strategy is to grow supply and sale of our proprietary advanced seedling genetics (MCP) in our largest market – the US.

This involves:

- Developing an extensive portfolio of best-in-class proprietary MCP products through continued investment in R&D;
- Expanding the supply of our proprietary genetics through the establishment of orchards across the US South; and
- Accelerating our Acquire, Build Confidence, Convert and Defend (ABCD) sales and marketing strategy – actively acquiring new customers and converting or upgrading customers from lower margin, lower genetic open pollinated (OP) seedlings to higher value MCP seedlings

Outcome: Substantial productivity, yield gains and financial returns for customers and material financial gains for ArborGen.

We are now beginning to realise the gains from over two decades of investment:

- Proven MCP performance at commercial scale
- Increased market acceptance of the value of MCP products
- Increasing supply of MCP seed
- Margins are 6 – 8 times higher on MCP products



FY21 PROGRESS



PROGRESS ON OUR GOALS

With the core building blocks of the business now in place, we continue to progress the strategic, operational, and financial goals:

1. Expanding our supply of proprietary advanced genetics, and growing sales of advanced products;
2. Mitigating the risk of adverse climatic events;
3. Expanding our footprint in a capital-light manner in our core growth regions; and
4. Improving cash flow generation.

FY21 HIGHLIGHTS

Commercial Highlights

- Built supply of higher value MCP seed inventory with material increase in MCP seed production
- Introduced new MCP 2.0 variety
- MCP bagging and pollination activity increased by 35% yoy
- Developed and produced new cross-breed to further boost US Coastal MCP supply
- Expanded portfolio in Brazil through expanded third party exclusive agreements
- Successful integration of leased nurseries into ArborGen's operations



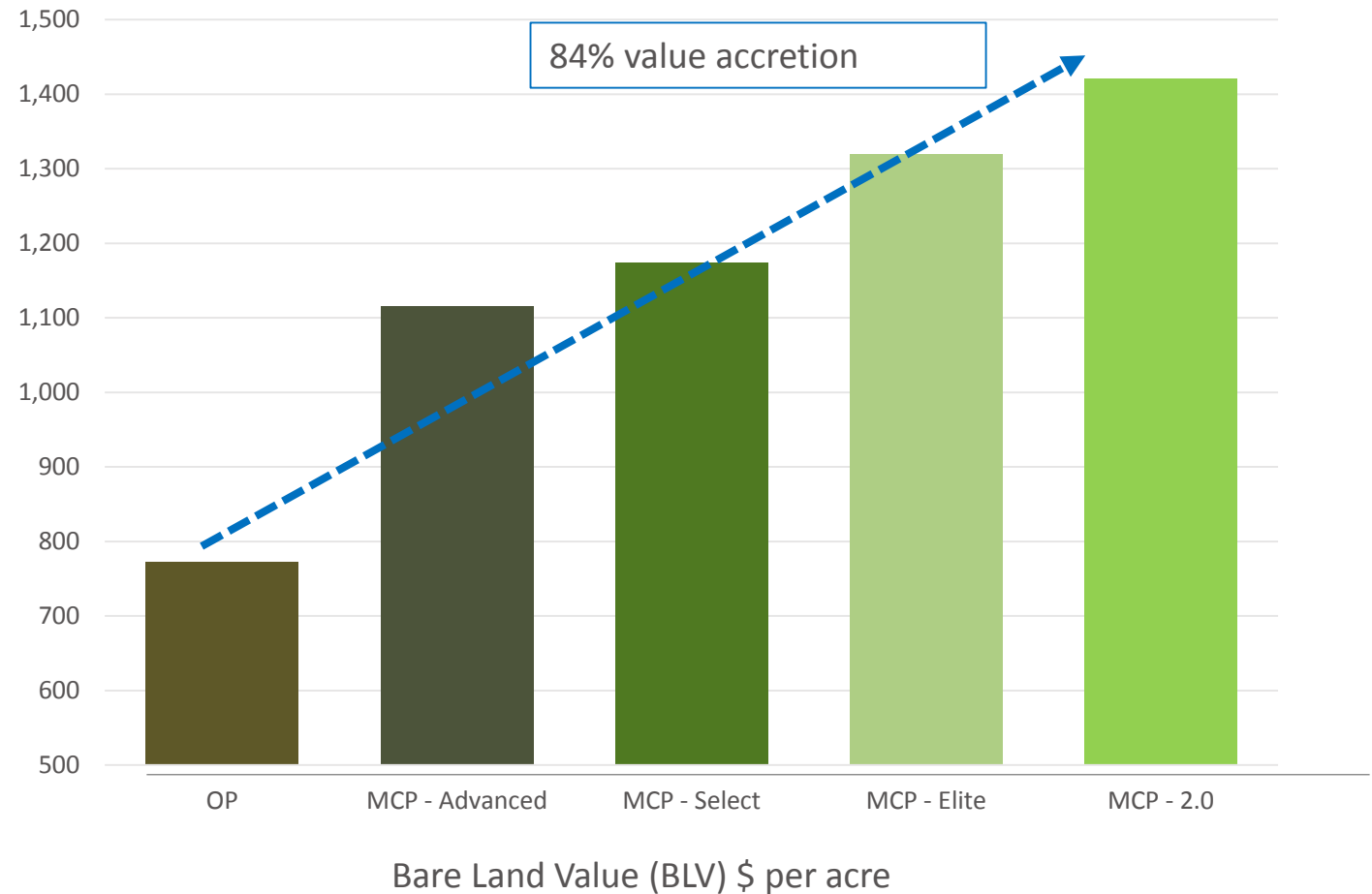
Financial Highlights

- Solid year on year performance. Pleasing result despite headwinds and challenges in 2021
- Significant improvements in net earnings, operating cashflow, EBITDA
- Strengthened balance sheet and renegotiated banking terms and tenure
- Positive progress on cashflow initiatives

EXPANDING SUPPLY AND SALE OF ADVANCED MCP SEEDLINGS IN THE US

- Mass Control Pollinated (MCP) seedlings are produced by controlling the fertilisation of trees with specific pollen from elite parent trees
- More than 20 years of field trials and published evidence supports the superior performance of MCP over Open Pollinated (OP) seedlings
- MCP seedlings deliver substantially better log quality, high forest productivity and superior financial returns
- ArborGen is the leading provider of MCP seedling products in the US and responsible for over 85% of all MCP sales in the addressable market over the past five years
- ArborGen has over 30,000 MCP crosses grouped into four broad categories

Premium MCP seedlings add substantial value for landowners*

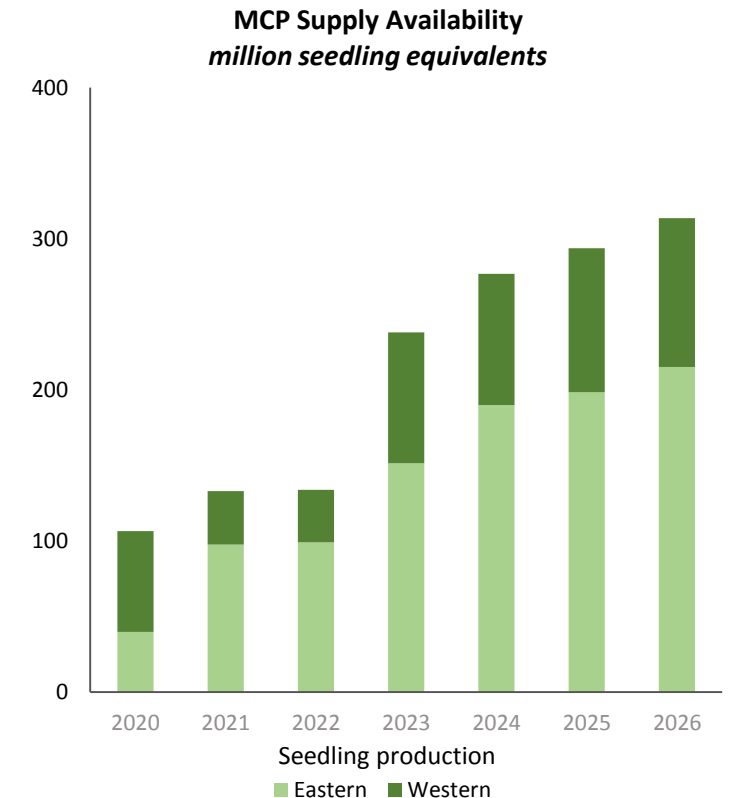


* Indicative only – ultimate value accretion is dependent on site location and silviculture regime adopted, amongst a range of other factors. Bare land value or BLV is a specialised Discounted Cash Flow technique used for timberland investments that calculates the value of bare land in timber production.

EXPANDING SUPPLY AND SALE OF ADVANCED MCP SEEDLINGS IN THE US

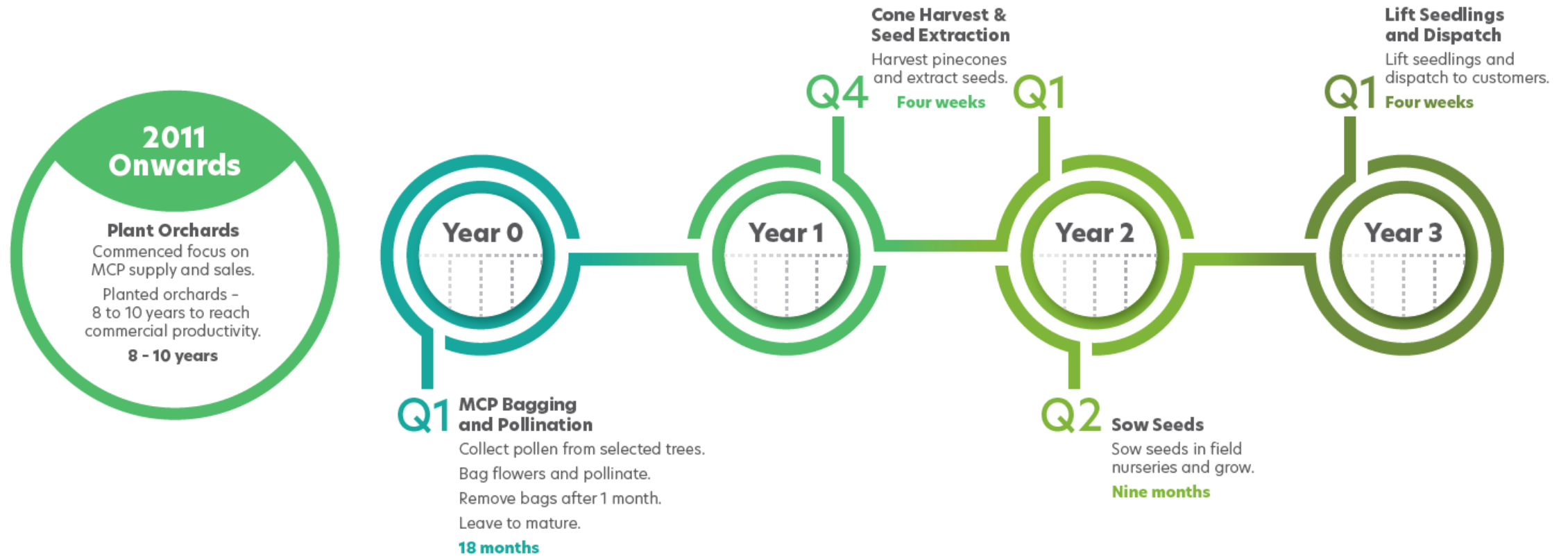
FY21 Activity:

- Maturation of MCP orchards is increasing seed availability going forward – younger orchards now entering their productive life
- Cones harvested saw a substantial increase in MCP seed in the severely constrained Eastern provenances, allowing a 30% increase (approx. 30m seedlings) in MCP seedling production for FY22
- Unprecedented number of flowers in 2021 (up 35% yoy) – nearly every orchard exceeded target resulting in a marked increase in MCP pollination
- Increased MCP bagging and pollination activity will drive a substantial increase in future seed supply – 2021 activity will drive significant boost in MCP seed in 2023 and in turn MCP seedling production in fiscal year ending March 2024 (see timeline on next slide)



Note: MCP supply projections are based on a number of factors including the number of trees in our seed orchards, number of flowers bagged and number of flowers pollinated each year which are subject to climatic variabilities, bushels of cones harvested, pounds of seed extracted per bushel, and the number of seedlings per pound of seed. As such, actuals may vary from projections due to biological factors outside of our control, as well as operational decisions.

PRODUCTION TIMELINE





ADDING SUPERIOR, FURTHER-ADVANCED MCP PRODUCTS TO OUR PORTFOLIO

- Significant investment in building supply pipeline of further-advanced products
- Continued investment in R&D to deliver proprietary best-in-class advanced genetic products
- Focus on continuously moving customers up the MCP value chain
- Maintain strong competitive lead in the market
- Availability of higher-value MCP products such as MCP-Elite and MCP-2.0, will increase substantially over the next five years

FY21 highlights

- Continued to build pipeline of superior, further advanced MCP products. Commercially launched MCP 2.0, adding to existing portfolio of MCP advanced, select and MCP elite families
- Field performance data on all products are pushing the boundaries in respect to loblolly
- Continued to integrate new, better MCP parents into our orchards.



MITIGATING THE RISK OF ADVERSE CLIMATIC EVENTS

Climate risks for ArborGen include Hurricanes, Drought and Flooding

Range of initiatives and standard operating procedures in place to minimise and mitigate risks

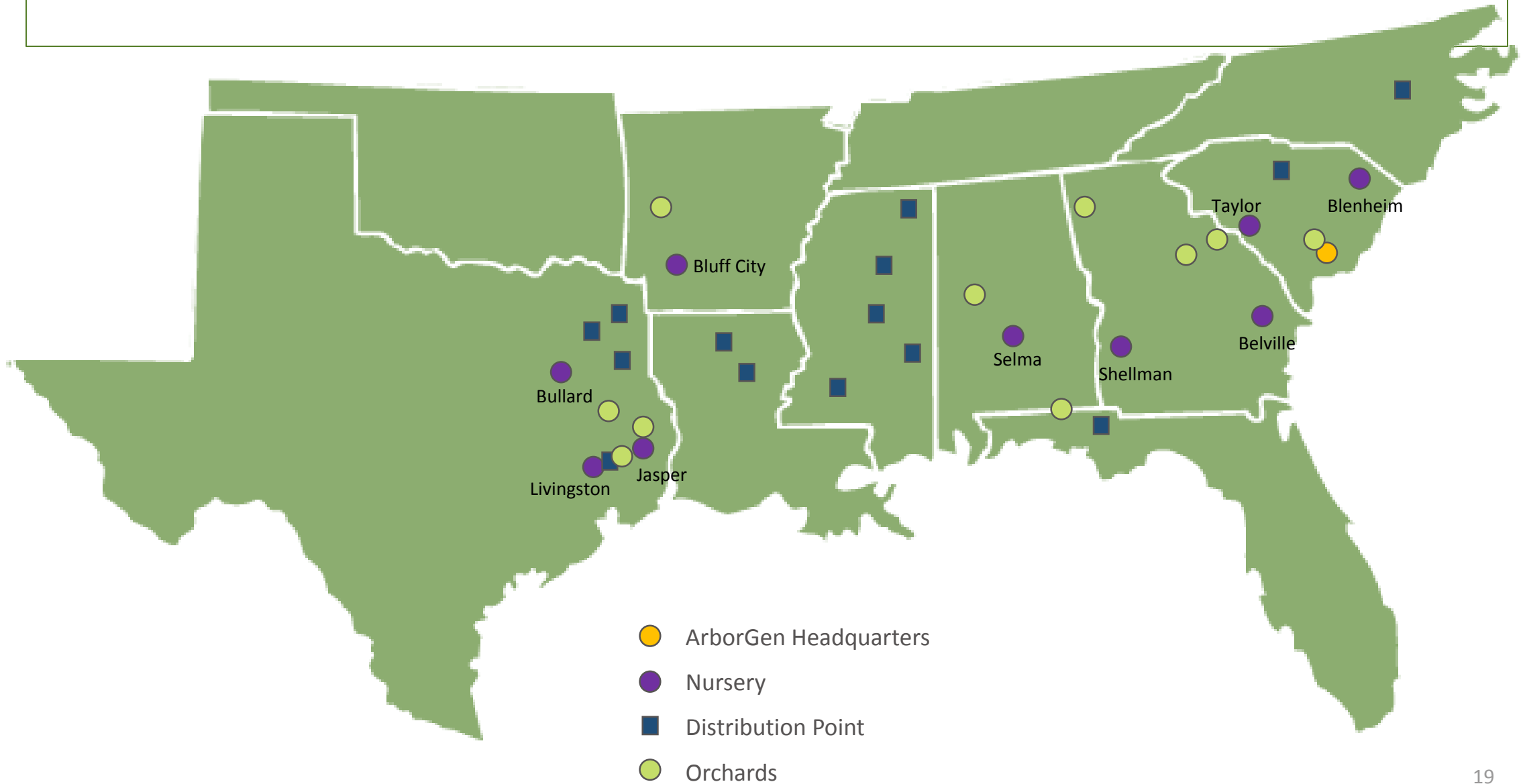
Seed production

- Building sufficient inventory of reserve MCP seed to reduce dependence on annual harvests
 - OP seed supply – several years' supply on hand
 - MCP seed supply – building supply. Expect to reach buffer inventory target in next three to four years
- Geographically dispersed orchards
- Diversified age profile for orchard trees

Seedling production

- Nursery procedures to protect young seedlings
- Additional crop sowing to provide buffer
- Geographically dispersed nurseries

GEOGRAPHICALLY DISPERSED ORCHARDS IN US



CONTINUED GROWTH IN ALL REGIONS IN A CAPITAL LIGHT MANNER

United States

- Nursery expansion (through leases) has increased production capacity by 60 million seedlings
- Industrial customers understand the value in conversion to higher value advanced genetics
- Focus is now on extending conversion to the large private customer segment

Australasia

- Next year's seedling sales are expected to increase
- Business growth includes high-value horticultural species such as hops, blueberries, rubus and tea

South America

- Confirmed orders support a lift in sales
- The lease of two new nurseries has increased production capacity and lowered production costs
- Exclusive rights to Vallourec's eucalyptus clones in Brazil secured
- Development of ArborGen's proprietary clones continuing

OPERATIONAL CASHFLOW INITIATIVES

- Acquisition of headquarters in South Carolina has lowered annual property costs
- Reductions in discretionary overhead expenditure and capex
- Consolidation of certain nursery and orchard roles
- Streamlined R&D activity
- Improved utilisation of equipment across nurseries
- Access to government funding programmes mitigated Covid-19 related disruptions
- Increased margins from improved product mix and improved production yields
- Improved funding arrangements reducing interest and finance costs



FY21 FINANCIAL PERFORMANCE

All financial results are in US dollars (US\$) unless otherwise stated.

FY21 OPERATING ENVIRONMENT

- One of the most challenging periods in the company's history, with COVID-19 materially affecting sales in two of the three regions we operate in (the US and Brazil), as well as severe weather events
- **United States:**
 - Sawmill closures in early calendar year 2020 resulted in delayed log harvesting and, in turn, critical site preparation activities for seedling planting
 - Restrictions on migrant labour into the US from Central America combined with planting crews contracting COVID-19, led to planting labour shortages during the critical planting season
 - Effect of hurricanes (particularly Hurricane Laura in the US in 2020) on site preparation progress in some regions
- **South America:** Material impact from COVID-19. Extended drought season in Brazil.
- **New Zealand/Australia:** Limited impact from COVID-19. Continued strong demand for timber and MCP products.

FY21 FINANCIAL SNAPSHOT

| USD \$m | FY21 | FY20 | % change |
|---|------|-------|----------|
| Revenue | 52.7 | 56.9 | -7% |
| Operating Earnings (before other significant items) | 2.6 | 2.4 | +8% |
| Net earnings ¹ (NPAT/NLAT) | 3.2 | (2.7) | |
| EBITDA (US-GAAP) ^{1,2,3} | 11.3 | 5.4 | +109% |
| Net Operating Cashflow | 9.9 | 4.8 | +106% |
| Net Debt | 27.4 | 29.6 | -7% |

- Solid year on year performance
- Pleasing result despite headwinds and challenges in 2021
- Significant improvements in net earnings, operating cashflow, EBITDA
- Positive benefit from cashflow initiatives
- Strengthened balance sheet and reduction in net debt

1. Includes other significant items of \$2.0 million comprising government grant subsidies of \$3.7 million, partially offset by expenses in the period of \$1.7 million relating to seedlings written-off and incremental Covid expenses incurred in the period (2020: a loss of \$3.9 million).
2. US-GAAP EBITDA is US-GAAP Earnings Before Interest, Tax, Depreciation and Amortisation. ArborGen 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. A reconciliation is provided in note 30 of the 31 March 2021 audited financial statements.
3. Excludes public company costs of \$1.3 million

FY21 REVENUE AND SEEDLING SALES

ArborGen Sales Volume (million units)

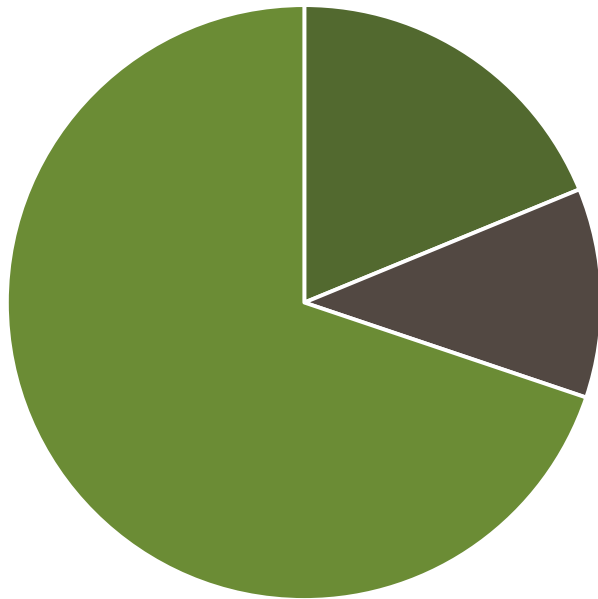
| | Seedling Sales FY21 (m) | Seedling Sales FY20 (m) |
|------------------------------|----------------------------|-------------------------------|
| USA | 294 | 333 |
| <i>USA Loblolly MCP %</i> | 31% | 30% |
| Brazil | 65 | 65 |
| New Zealand/Australia | 32 | 39 |
| Total | 391 | 437 |

MCP & varietal sales comprised 31% of total US loblolly pine sales volume but delivered 52% of US loblolly sales revenue.

FY21 global seedling sales were down approximately 10%, to 391 million largely driven by consequences of the global pandemic, such as sawmill closures and a shortage of planting crews due to temporary suspension of H2-B visas into the US.

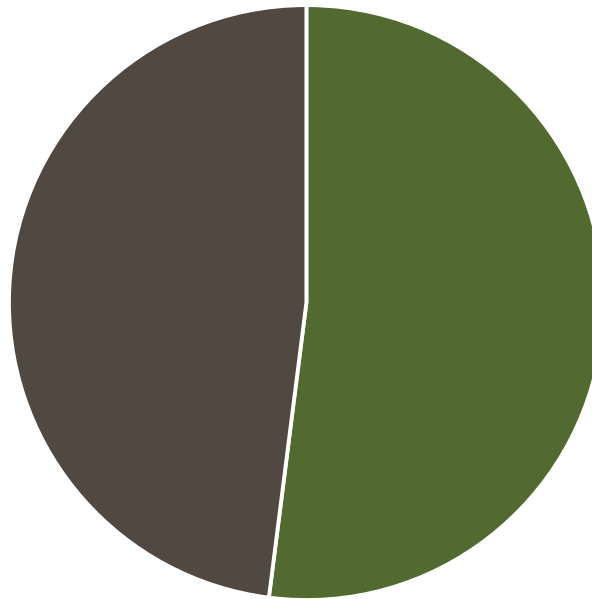
FY21 REVENUE AND SEEDLING SALES

Sales Revenue
By Region



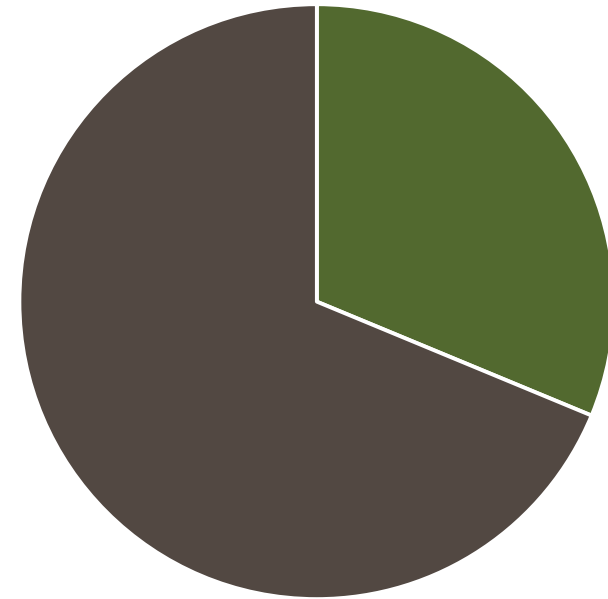
■ Australasia ■ South America ■ USA

US Loblolly pine sales
Revenue



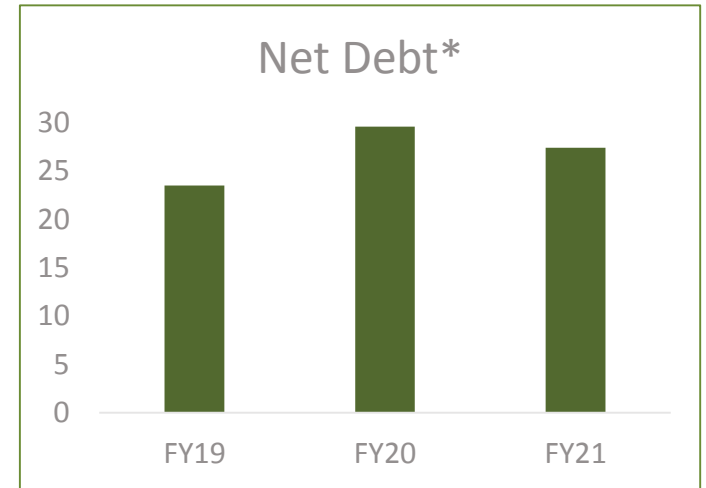
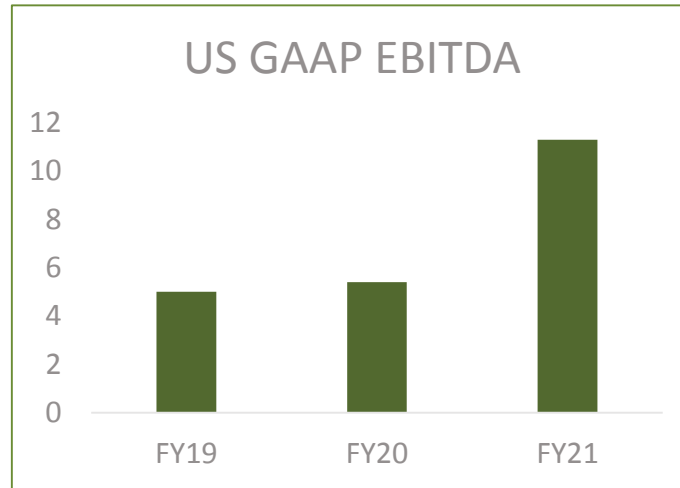
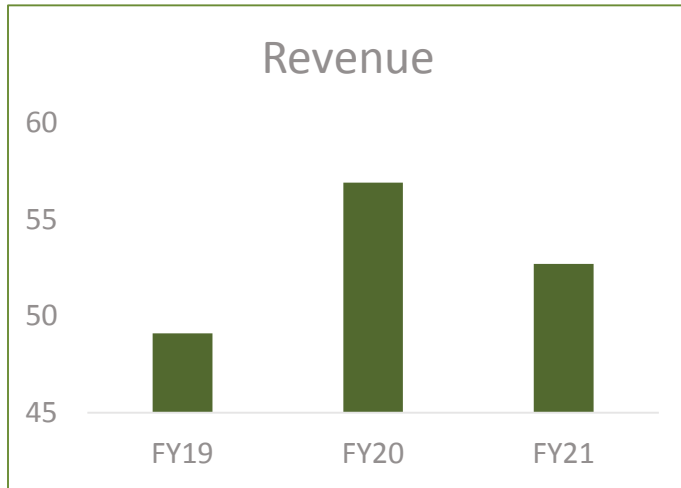
■ MCP & Varietals ■ Open Pollinated

US Loblolly pine sales
Volume

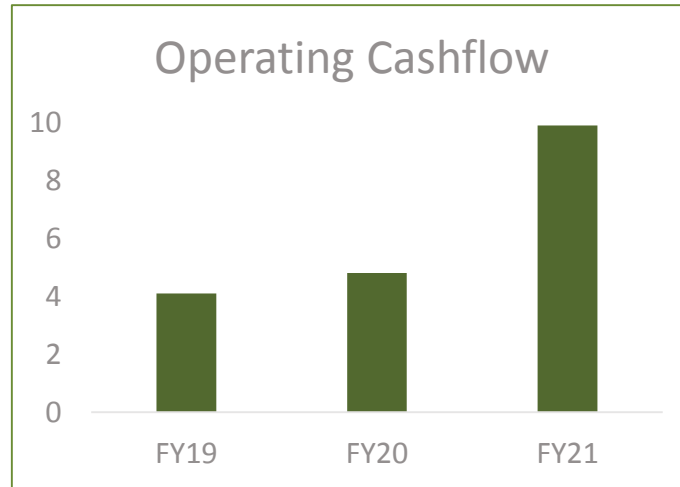
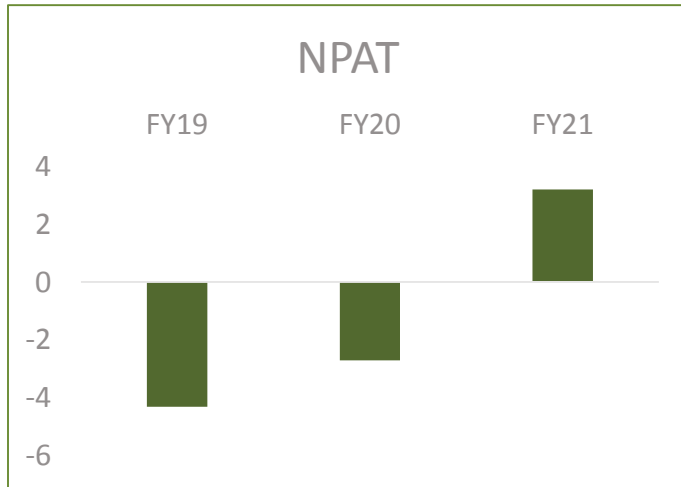


■ MCP & Varietals ■ Open Pollinated

THREE YEAR PERFORMANCE



*FY19 Net Debt includes capitalised HQ lease. FY20 and FY21 includes HQ mortgage



The background of the slide is a close-up photograph of green grass blades. Several water droplets are visible, hanging from the tips of the blades. The lighting creates a bokeh effect with soft, out-of-focus light spots in shades of green and blue. A dark brown horizontal bar is positioned across the upper portion of the image, containing the text 'FY22 OUTLOOK' in white.

FY22 OUTLOOK

REGIONAL OUTLOOK FOR FY22

United States

- Return to pre-COVID sales and operating processes
- Easing of migrant labour restrictions
- Growing adoption of MCP as value story becomes evident
- ~ 30% increase in MCP seedling supply in FY22
- Focus on increasing proportion of MCP seedlings sold
- Strong underlying demand for solid wood products in the US and structural supply constraints in Canada, the Western US and Europe, driving expansion in US South sawmill capacity

Australasia

- Underlying demand drivers for forestry remain strong
- Continue to focus on NZ horticulture business, leveraging our expertise
- Crop species include high-value horticultural species such as hops, blueberries, rubus and tea

South America

- Orders to date are 70% higher than this time last year
- Positive market drivers – increasing exports, new pulp mills and strong demand for eucalyptus based pulp and charcoal products
- Expansion of sales and marketing efforts
- Increased in-house production capacity and lower product costs
- Expanded advanced genetic eucalyptus portfolio

OUTLOOK

Strong tailwinds for FY22:

- Increased availability of proprietary MCP seedlings in US
- Improving market in all regions
- Higher demand for proprietary genetics in US and Brazil
- Return to pre-pandemic normalcy as COVID vaccine programmes are rolled out

Beyond FY22:

- Increased MCP pollination achieved in 2021 (up 35% yoy) will materially lift MCP seed volume, and in turn, MCP seedling production in fiscal year ending March 2024
- Strong housing growth and carbon credits provide significant growth opportunities
- Opportunity to extend proprietary somatic embryo capabilities, genomics and tissue culture expertise into other crop species

FY22 GUIDANCE

Subject to any uncontrollable factors, we are targeting US-GAAP EBITDA for the current year ending March 2022 to be in the \$13 - \$14.5 million range – a material increase on FY21 US-GAAP EBITDA which included government grant income, resulting in higher cash flow and further reduction in net debt

FINANCIAL RECONCILIATION

Reconciliation of NZ IFRS to US GAAP EBITDA

| <i>Fiscal year ending March</i> | 2021 | 2020 |
|---|-------------|-------------|
| <u>Per Published IFRS Financial Statements</u> | | |
| NPAT | 3.2 | (2.7) |
| Less tax benefit | (0.6) | (1.1) |
| Plus financing expense | 2.0 | 2.3 |
| Plus depreciation & amortisations | 10.2 | 9.5 |
| EBITDA IFRS - Group | 14.8 | 8.0 |
| Plus corporate costs | 1.3 | 1.6 |
| EBITDA IFRS - ArborGen | 16.1 | 9.6 |
| <i>add back IFRS adjustments not made under US GAAP</i> | | |
| investment in intellectual property | (3.7) | (4.1) |
| Change in fair value of biological assets | 0.1 | 0.6 |
| Other IFRS adjustments | (1.2) | (0.7) |
| | (4.8) | (4.2) |
| EBITDA - US GAAP | 11.3 | 5.4 |

Reconciliation of US GAAP EBITDA*

| <i>Fiscal year ending March</i> | 2021 | 2020 |
|-------------------------------------|-------------|-------------|
| <u>ArborGen - US GAAP</u> | | |
| Revenue | 52.7 | 56.9 |
| Gross Margin (excluding DDA) | 19.9 | 21.4 |
| GM % | 37.8% | 37.6% |
| Less SG&A (inc rental income) | (6.9) | (8.0) |
| Less R&D | (3.7) | (4.1) |
| Less / plus Other significant items | 2.0 | (3.9) |
| EBITDA US GAAP - ArborGen | 11.3 | 5.4 |

* Under US GAAP, from a statutory reporting perspective, the classification of the expense items, and other significant items in this table may differ from what is presented here.