



ARBORGEN FY25 RESULTS FOR YEAR ENDED 31 MARCH 2025

30 May 2025: ArborGen Holdings Limited (NZX: ARB) (ArborGen or the Company) has today announced its audited results for the 12 months ended 31 March 2025 (FY25), delivering a result in line with guidance.

FY25 Summary (in USD, comparatives to FY24):

- Continued growth in Brazil, sales up 11% in local currency – provided 41% of total revenue
- US headwinds persist, revenue down 9% – provided 59% of total revenue
- Seedling unit sales of 328 million, down 11% on prior year; advanced genetics make up 45% of total sales
- Revenue of \$63.2m down 7% year on year but 13% above FY23 – strong Q4 performance across both regions
- Net Loss After Tax includes a non-cash \$21.8m impairment of intangible assets¹
- Adjusted US GAAP EBITDA² result of \$8.8m, in line with guidance; below FY24 record result but similar to FY23

ArborGen demonstrated resilience while navigating a challenging year, with continuing growth in Brazil and a stronger Q4 performance in the US as opportunities were maximised and sales initiatives delivered.

CEO Justin Birch said: “Over the past year we have had a priority focus on productivity and operating strength. Decisive steps have been taken to reduce costs and enhance operational efficiency, with meaningful progress being made. We were disappointed not to be able to maintain last year’s record revenue result, with soft market conditions in both countries hampering our sales, however, it was pleasing to see the year ending on a stronger note.

“While macro-conditions in the US remain challenging, our ambitions for the future of our company remain strong. The US South and Brazil remain our primary markets, and we have identified growth and commercial potential in both of these regions. Our focus on advanced genetics continues to deliver superior prices and margin.

“We believe we’re well-positioned thanks to our increasing investments in added value products (container seedlings), new marketing strategies, refreshed sales teams, and our strong operations focus. Long-term trends remain positive, and we are committed to driving significant progress and financial improvement in FY2026.”

¹ The Board has considered the carrying value of intangible assets as part of the impairment assessment and elected to recognise an impairment of \$21.8m related to Intellectual Property.

² Adjusted US GAAP EBITDA is a non-GAAP financial measure and excludes one-off and unusual items. In FY25, one-off and unusual items were \$2.4m including a cash \$2.2m gain on sale of the in vitro business, tax credits and other costs. Refer to Appendix Slide in the Investor presentation for further information.

The Brazil business presents significant growth potential and is not particularly seasonal in its capital needs. While volumes were flat, revenue increased 11% year on year in local currency³. Demand and pricing in the eucalyptus market remains solid, however, an oversupply of market clone seedlings in the pine market put pressure on pricing, with a limited flow-on effect on protected clone pricing. ArborGen is continuing its strategic transition towards protected clones, which are higher value and provide greater revenue stability. While this shift is resulting in some short-term margin impact, it is expected to deliver meaningful long-term gains.

The US has a single planting and harvesting season each year, with the majority of sales recognised in the second half. Headwinds in the US continued to impact across the industry, with lower demand for timber driven by subdued housing construction, and mill production and harvesting curtailed accordingly. As a result, US revenue was down 9% year on year to \$37.5m.

Cost mitigation efforts remain a priority across both regions, with significant operational savings being seen in the US from the sale of the in vitro business, the closure of the Taylor Nursery and lease of the Ridgeville Head Office building. An operational reset was undertaken in Brazil as the business scales up and matures, resulting in a stronger team, improved financial processes and systems, and a strong platform for future growth.

The proceeds of the in vitro sale were used to provide further headroom for investment into growth initiatives including the expansion of ArborGen's containers, nursery improvements and other strategic initiatives such as the Eco Empreendimentos nursery acquisition in Brazil. Cash and cash equivalents were \$3.5m as at 31 March 2025, with net debt of \$20.9m. Capital expenditure was \$7.7m for the year (FY24: \$5.4m).

The Board has considered the carrying value of intangible assets as part of the impairment assessment and elected to recognise an impairment of \$21.8m related to Intellectual Property. Including the non-cash impairment, net loss after tax was \$(21.5)m for the year.

US GAAP EBITDA increased 47% to \$11.2m, benefiting from the gain on sale of the in vitro business. Excluding total one-off and unusual transactions of \$2.4m, Adjusted US GAAP EBITDA was \$8.8m, in line with guidance. This was below the FY24 record result but similar to FY23 performance.

ArborGen's net tangible assets per share of NZ\$0.22 as at 31 March 2025 significantly exceeds the share price of \$0.13 per share⁴.

Outlook

ArborGen is a recognised leader in advanced genetics seedlings, delivering innovative solutions that drive success for forestry and landowners. Our expertise, investment in our business and recent focus on efficiency and productivity position us well for the future.

For FY26, ArborGen is targeting a return to the record earnings results delivered in FY24. Higher revenue is expected driven by improved pricing and product mix in both regions. Recent work carried out to improve operational efficiency and management, particularly in Brazil, will benefit from FY26.

³ 3% yoy reduction in reported USD revenue as a result of foreign exchange conversion

⁴ ArborGen share price as at 31 March 2025, NZ\$ NTA calculated using 0.5706 USD:NZD exchange rate

In Brazil, ArborGen's volumes are expected to lift, driven by increased growing areas and seedling availability, with some ongoing pricing impact from the current excess capacity and inventory of market clones. ArborGen will continue to move more production to protected clones, with the sales team focused on transitioning customers to this higher value offering. Recent initiatives will help improve cost of sales and deliver yield improvements.

While market conditions in the US South are not expected to materially improve until at least the 2026 calendar year, some volume and revenue growth is expected in FY26, as a result of sales activity, market share gains and a focus on higher value products.

The carbon market opportunity remains in its infancy, however, ArborGen is well positioned as the seedling supplier of choice for carbon offset projects. In particular, ArborGen is a key supplier to Chestnut Carbon, which has already planted 17 million trees supplied by ArborGen. Chestnut Carbon has signed carbon offtake agreements with credit buyers including Microsoft and is in the process of planting hundreds of thousands of acres to support these projects.

Investment will continue into new product development, including protected clones and advanced genetic pine seeds, as well as expansion of container seedlings capacity to meet customer demand.

Chairman, David Knott, said: "We would like to thank our team, our customers, suppliers and shareholders for their support. ArborGen is a market leader, has a robust strategy in place and identified growth opportunities. We are committed to continuing to deliver high quality products and service that meets our customers' needs and focused on delivering improving value for our shareholders.

ENDS

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ArborGen

ArborGen is a leading supplier of advanced seedling genetics to the global commercial forestry industry. Employing state-of-the-art technology, ArborGen is developing high-value products that significantly improve the productivity of a given acre of land by enabling our customers to grow trees that yield more wood per acre with greater consistency and quality in a shorter period of time. For more information, please visit ArborGen's website at www.arborgen.com