ARBORGEN HOLDINGS INTERIM RESULTS TO 30 SEPTEMBER 2026

Continuing focus on strengthening performance, higher value sales mix and debt reduction

23 November 2026: ArborGen Holdings Limited (NZX: ARB) (ArborGen or the Company) has today announced its unaudited results for the six months ended 30 September 2026 (1H27). All dollar values are in US currency unless otherwise stated.

Two markets with different conditions

ArborGen operates in two core markets – Brazil and the US South - with a focus on delivering high-quality advanced genetic seedlings and protected clones to forestry owners and other customers.

Brazil is a large and growing forestry market and, from FY22, ArborGen invested in expanding its nursery network to grow market share and meet rising demand for higher-value genetics. The focus has now moved to integrating the expanded nursery network, improving productivity and consistency across sites, and increasing sales of protected eucalyptus clones and advanced pine seedlings.

In the US South, ArborGen remains one of the largest suppliers of advanced genetic pine seedlings, however, a structural shift in the pulp and paper industry, alongside the construction market downturn, has progressively reduced seedling demand. ArborGen is aligning its operations with this smaller market while encouraging customer adoption of higher-value seedlings, supported by a growing body of positive evidence. A strong cone harvest has been completed and is expected to deliver approximately 200 million MCP® seedlings which will be available for sale in the 2027 season.

Interim CEO Patrick Cumbie, who was appointed in June 2026, said the immediate focus has been on improving execution across both businesses.

“We have invested in nursery capacity and products that can deliver more value for our customers. Our task now is to make those investments work harder through stronger sales, better productivity and careful cost management.

“In Brazil, consolidation is progressing as we bring our expanded operations together and improve how we plan, produce and supply seedlings. In the US, we are making the changes needed to operate efficiently at lower market volumes, while pursuing opportunities to grow sales of our higher-value products.

“Across both markets, we are focused on the practical actions that improve margins and cash generation. That means staying close to customers, managing working capital carefully and directing investment to the areas with the clearest commercial returns. Further improvements in operational efficiency, cost management and collaboration between the two businesses also remain priorities.”

1H27 performance

The majority of US sales are generated in the second half of the financial year, however, planting and production costs are recognised throughout the financial year. First-half results are not indicative of the full year.

Group sales revenue of $14.5m was higher than previous year due to mix and price improvement offsetting 11% lower volumes in Brazil as a result of weather and production challenges. While eucalyptus sales remain strong, pine sales are expected to remain under pressure with the El Niño season bringing increased rain and affecting customers' harvesting and replanting timings.

Gross margin reduced year-on-year, primarily due to inventory losses and write offs in Brazil as a result of weather.

Group adjusted US GAAP EBITDA[1] was $(4.6)m, compared to $(2.1)m in the prior comparative period (1H26). Net loss after tax was $(3.6)m compared to $(0.6)m.

Cash and cash equivalents were $1.6m as at 30 September 2026. Net debt reduced to $21.2m, down from $25.2m as at 31 March 2026, reflecting the repayment of $8.5m loan related to the sale of the Ridgeville building as well as timing of working capital requirements. Management continues to exercise tight control over capital allocation, prioritising essential expenditure and investments that support higher-value sales, operational efficiency and cash generation.

Outlook

Trading conditions remain challenging, with ongoing contraction of the market in the US South and the impact of seasonal weather on seedling production and customer demand in Brazil. As a result, ArborGen expects full-year revenue to be slightly ahead of prior year, with cash flow slightly below FY26, while debt is still expected to be meaningfully lower year-on-year.

Chair, David Knott, said: "FY27 is about strengthening the business following a period of substantial investment and expansion. ArborGen has valuable assets, strong customer relationships and growth opportunities. Our priority is to convert those strengths into improved earnings, stronger cash flow and lower debt. Across both markets, conditions remain challenging. Our focus is on growing margins, improving operational performance and being disciplined about where we invest to deliver better returns for shareholders."

ENDS

Authority for this announcement:
Patrick Cumbie, Interim CEO, ArborGen Holdings Limited

For more information, please contact:
Jackie Ellis, Ellis and Co e: jackie@ellisandco.co.nz, t: +64 27 2462505

ArborGen

ArborGen is the 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.

[1] Adjusted US GAAP EBITDA is a non-GAAP financial measure and excludes one-off and unusual items such as gain on sale of major assets, restructure costs, impairments and write downs on assets and other one-off items. In 1H27, one-off and unusual items were $1.3m. Refer to the Interim Report for reconciliation table. 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.