

Correction to Quarterly Activities Report and Appendix 4C

Foresta Group Holdings Limited (ASX: FGH) advises of corrections to its Quarterly Activities Report and Appendix 4C released to the ASX on 30 January 2024.

An explanation of payments to related parties, and hyperlink at page three of the Quarterly Activities Report were omitted in the original report. Further the table describing the financing facilities at 7.6 of the Appendix 4C was omitted in the original report.

The revised Quarterly Activities Report and Appendix 4C has been attached to this announcement. There have been no other changes to the Quarterly Activities Report and Appendix 4C.

For more information please contact:

Foresta Group Holdings Limited

Ray Mountfort

Managing Director

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AUTHORISATION STATEMENT

This release has been authorised to be given to the ASX by the Company Secretary of Foresta Group Holdings Limited.

ABOUT FORESTA GROUP HOLDINGS

Foresta is positioning itself to become a leading global supplier of natural and renewable pine chemicals and biomass pellets. It has developed a proprietary process to naturally extract pine chemicals by employing the tree's own solvent chemicals to extract rosin and terpenes. These products are commonly used in industrial manufacturing and are a key input to everyday end products. These products include adhesives, gum, inks, paint, car tyres and perfume.

Quarterly Activities Report and Appendix 4C For Quarter Ending 31 December 2023

Highlights:

- Foresta raises \$2.333M to accelerate the torrefied “black” pellets and pine chemical manufacturing facility project in Rotorua New Zealand.
- Offtake agreement with Tailored Energy Resources converts to binding ten (10) year supply agreement
- Key forest supply opportunities for the initial plant have been identified and are in the final stages of supply contractual negotiations.

Foresta raises \$2.333M to accelerate the biomass manufacturing project.

In October Foresta successfully raised \$2.33M from new and existing investors. The total amount of the Placement was increased to accommodate for the additional demand. Funds raised under the Placement will be applied to accelerate the torrefied “black” pellets and pine chemical manufacturing facility project in Rotorua New Zealand.

Offtake agreement converts to binding ten (10) year supply agreement.

In August 2023, Foresta NZ successfully executed a Term Sheet with Tailored Energy Resources Limited (TERL), marking a pivotal step towards establishing a mutually beneficial offtake agreement.

We are pleased to announce the formalisation of this commitment through the signing of a binding ten-year Supply Agreement between Foresta NZ and TERL. Under this agreement, Foresta NZ will supply up to 65,000 tonnes annually of torrefied wood pellets, in alignment with the production capacity of our inaugural manufacturing facility (Stage 1a) situated in Rotorua, New Zealand.

Foresta's torrefied wood pellets will serve as a sustainable and low-carbon alternative to coal for TERL customers, enabling a seamless transition while leveraging existing boiler infrastructure. This collaboration gains heightened significance considering New Zealand's targeted phasing out of coal boilers by 2037.

Our torrefied “black” wood pellets contribute to over a 95% reduction in carbon emissions compared to coal, aligning with New Zealand's ambitious goal of achieving net zero carbon emissions by 2050. Furthermore, this positive environmental impact extends beyond emissions





reduction to include minimized shipping emissions, reinforcing the sustainability ethos integral to our operations.

The Supply Agreement, with a projected value of NZD \$229 million over its ten-year term, underscores the substantial economic benefits derived from this collaboration. Importantly, the agreement exhibits flexibility, accommodating additional supply quantities in tandem with Foresta's ongoing growth and expansion of production capacity.

This strategic collaboration with TERL not only reflects our commitment to sustainable practices but also positions Foresta NZ as a key contributor to New Zealand's renewable energy landscape. We look forward to updating our stakeholders on the progress and outcomes of this significant partnership in subsequent reports.

Operations update:

Site

The negotiations for the Agreement to Lease (ATL) (Stage 1A (7.0ha) and Stage 1B (11.5ha)) are progressing well, with most of the commercial terms agreed.

The Overseas Investment Office (OIO) application has been completed and will be submitted following the final Agreement to Lease (ATL) being received in February 2024.

Earthworks Consent (Stage 1A). The consent is still being processed and the final Council Request for Information (RFI), regarding the wetlands assessment, is underway and in February 2024 for submission to Council.

Utilities / site services have been investigated and there is sufficient capacity for Stage 1A plant (ie power, water, sewer, gas, stormwater). Additional capacity is being investigated for Stage 1B with the utility supply organisations.

The preferred contractor has been selected for civil works and buildings.

The Key equipment suppliers. Request for Tenders have been issued for 4 work packages, with tenders closing from mid-January to mid-February 2024.

Key Forest supply opportunities for the initial plant have been identified and are in the final stages of supply contractual negotiations.

Research and development update

Our forestry team has been in the forests researching pioneering techniques for stump extraction, a facet often overlooked in the industry due to its perceived challenges. Stumps, cumbersome to extract and transport, pose both health and safety risks and environmental





concerns when left behind. At Foresta, we recognise the value in stumps owing to their high resin content.

Traditionally, stump extraction involved the laborious process of cutting the log first and then prying the stump out of the ground. However, we are pleased to share our latest breakthrough, showcased in [this video](#) on our LinkedIn channel. Our experiments reveal that logs and stumps can now be simultaneously extracted, presenting a significant time and resource-saving advancement in our operational processes.

This success is partly attributed to the unique composition of the soil prevalent in our operations—mostly sand and clay. This distinctive soil composition enhances the effectiveness of our simultaneous extraction method.

Addressing concerns about the transport of logs and stumps in unconventional shapes, our research demonstrates that, despite their unique forms, they can be transported using existing equipment and trucks. This ensures a seamless integration into our forestry operations, eliminating logistical challenges associated with non-traditional shapes.

Simultaneously, Foresta has undertaken initiatives to enhance our resin extraction program. We are identifying the correct usage of dosing tools and exploring battery and petrol application options to optimize tree enhancement for resin production. This dual focus on efficiency and sustainability positions Foresta as a leader in responsible forestry practices.

Our commitment to building key relationships is evident in our engagements with forest owners and supplier management personnel. Through meetings, tours, and trials of extraction and enhancement processes, we have established that our discussed objectives are not only feasible but also align with our commitment to sustainable supply chain implementation.

Financials

Payments to related parties include compensation paid to Directors for services performed and executive consulting fees for Directors providing executive consulting services to the Board, which were \$271,000 for the quarter.

Forest Group Holdings Limited had a cash balance of \$881,000 as at 31 December 2023.

Foresta Group Holdings Limited

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Managing Director

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Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

FORESTA GROUP HOLDINGS LIMITED

ABN

18 074 969 056

Quarter ended ("current quarter")

31 December 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	8	49
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(32)	(65)
(c) advertising and marketing	8	(57)
(d) leased assets	-	-
(e) staff costs	(515)	(1,080)
(f) administration and corporate costs	(522)	(910)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid	(52)	(97)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	100	100
1.9 Net cash from / (used in) operating activities	(1,004)	(2,059)



Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(214)	(351)
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	1	88
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other - Proceeds received on acquisition of Essential Queensland Pty Ltd	-	-
2.6	Net cash from / (used in) investing activities	(213)	(271)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	2,333	2,333
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(116)	(116)
3.5	Proceeds from borrowings	5	89



Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
3.6	Repayment of borrowings	(232)	(441)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (principal portion of finance leases)	(32)	(85)
3.10	Net cash from / (used in) financing activities	1,958	1,780

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	145	1,440
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,004)	(2,059)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(213)	(271)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,958	1,780
4.5	Effect of movement in exchange rates on cash held	(5)	(9)
4.6	Cash and cash equivalents at end of period	881	881

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	881	145
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	881	145



6. Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to related parties and their associates included in item 1	271
6.2 Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>	

Items included in item 6.1 include:

- Director's fees – Compensation paid to Directors for services performed. Director's fee for the quarter excludes bonuses and other forms of compensation.
- Executive consulting fees – Fees paid to Directors providing executive consulting services to the Board.



7.	Financing facilities <i>Note: the term “facility” includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A’000	Amount drawn at quarter end \$A’000	
7.1	Loan facilities	367	367	
7.2	Credit standby arrangements	-	-	
7.3	Other (please specify)	-	-	
7.4	Total financing facilities	367	367	
7.5	Unused financing facilities available at quarter end		0	
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.			
7.1 – On 29 April 2021 the Company entered into a secured finance facility with Altor Capital. The total facility amount was \$2,000,000 on establishment with an interest rate of 11% per annum and term of 3 years with monthly principal and interest repayments. To 30 September 2023 the Company has repaid \$1,693,569 of principal.				
In addition to the Altor facility, the Company has short-term borrowing facilities on insurance premiums, being:				
	Facility supplier	BOQ Finance – Insurance premium finance	BOQ Finance - Insurance premium finance	Chartwell Funding (NZ) - Insurance premium finance
	Principle amount	\$29,289	\$15,641	NZ\$79,801
	Monthly repayments	\$2,591	\$1,417	NZ\$8,761
	Interest	19.57%	17.14%	15.59%
	Term	12 months – ending 1 March 2024	12 months – ending 30 May 2024	10 months – ending 1 June 2024
	Balance at 31 December 2023	\$7,524	\$6,751	NZ\$50,249



8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(1,004)
8.2	Cash and cash equivalents at quarter end (item 4.6)	881
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	881
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	0.87
Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.		
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: Yes.		
8.6.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: Yes, the Company is looking to secure pre-seed funding for its flagship project. There is significant interest in the project and the company is in talks with several investors.		
8.6.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer: Yes, through securing project funding the entity will be able to continue its current operations and invest in the construction of its flagship project.		
Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.		

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 30 January 2024

Authorised by: By the Board

(Name of body or officer authorising release – see note 4)





Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

