

Quarterly Activities Report and Appendix 4C for Quarter Ending 31 March 2024

Highlights

- Foresta chipper sale clears debt with Altor Finance
- Harvesting contract signed with Silvertree Biomass Solutions
- 30 year lease agreement signed with the Putauaki Trust
- Offtake purchase contract signed with AV Pound & Co

Foresta Group Holdings Limited (ASX: FGH) (“FORESTA” or the “Company”), a natural and renewable pine chemical and biomass pellet manufacturing company, is pleased to provide a summary of its activities for the quarter ending 31 March 2024 and attaches its Appendix 4C.

Sale of Chipper

This quarter, **Essential Queensland Pty Ltd** (“Essential Queensland”), a wholly owned subsidiary of FORESTA, completed the sale of its Vermeer HG6000TC Horizontal Grinder, otherwise referred to as the “Chipper”.

Essential Queensland had been actively advertising the Chipper for sale and accepted an offer of \$990,000 AUD plus GST from an independent party. Furthermore, we are delighted to report that the proceeds from the sale have enabled FORESTA to settle and be released from the *Altor Finance* borrowing facility associated with the Chipper.

The outstanding principal amount owed on this facility, totalling \$129,954 AUD, has been fully discharged. This represents a significant achievement for the Company, thereby materially reducing FORESTA’s monthly outgoings.

Harvesting Contract Signed with Silvertree Biomass Solutions

Foresta NZ Limited, a wholly owned subsidiary of FORESTA, signed a ten (10) year Harvesting Contract with **Silvertree Biomass Solutions Limited** (“SILVERTREE”). The contract represents approximately 243,000 tonnes per annum of logs, stumps and other approved biomass which accounts for the total raw feedstock requirements for Stage 1A of the proposed integrated manufacturing facility in New Zealand.

The contract underpins FORESTA's raw material supply strategy to secure forest cutting rights. Once cutting rights are secured, SILVERTREE will harvest and deliver the logs and stumps to FORESTA's designated processing site. Harvesting and delivery costs of the feedstock represent 50-90% of the total supply costs of FORESTA's biomass requirements.

As part of this contract, SILVERTREE is committed to assist in sourcing raw feedstock for FORESTA on an annual basis. These supply volumes represent up to 100% of the required quantity of biomass feedstock to continuously run Stage 1A production of the manufacturing plant, year upon year.

30 Year Lease Agreement Signed with the Putauaki Trust

FORESTA signed a 30-year lease agreement, inclusive of a 20-year renewal option, for 9.6 hectares of industrially zoned land in Kawerau for its flagship manufacturing facility in New Zealand. This partnership with the Putauaki Trust, paves the way for the development of our innovative and state-of-the-art integrated pine chemicals and black wood pellet manufacturing plant, marking the commencement of Stage 1A.

Long-Term Offtake Purchase Contract with AV Pound & Co

Foresta NZ Limited, a wholly owned subsidiary of FORESTA signed a long-term sale and purchase agreement with **AV Pound & Co Limited** ("AV Pound") in relation to the supply of 2,000 tonnes per annum of natural wood rosin, a premium food grade wood rosin and 2,000 tonnes per annum of natural wood terpene.

The initial term of this offtake agreement is for a period of five (5) years, with a right of renewal for an additional five (5) years commencing at the commissioning of the proposed integrated manufacturing facility at Kawerau, New Zealand.

FORESTA's Managing Director Ray Mountfort and Gordon Pound from AV Pound have a long-standing relationship. We look forward to the two companies working strategically together towards a sustainable biobased future.

Operational Update

The **Overseas Investment Office** (OIO) application is currently being revised for the Kawerau site and will be submitted at the end of April 2024.

Reports are underway for resource consents, earthworks consents and geotechnical investigations with detailed design of the plant commencing in May 2024.

Utilities / site services have been investigated and there is sufficient capacity for Stage 1A plant (i.e. 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.

Tender responses have been received for three work packages from equipment suppliers, with tenders closing in late May 2024 for the remaining equipment suppliers.

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 \$557,000 as at 31 March 2024.

Foresta Group Holdings Limited

Ray Mountfort

Managing Director

info@forestagroup.com.au

AUTHORISATION STATEMENT

This release has been authorised to be given to the ASX by the Board 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.



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 March 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	6	55
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(28)	(94)
(c) advertising and marketing	(17)	(74)
(d) leased assets	-	-
(e) staff costs	(589)	(1,669)
(f) administration and corporate costs	(188)	(1,097)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	1
1.5 Interest and other costs of finance paid	(37)	(134)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	100
1.9 Net cash from / (used in) operating activities	(853)	(2,912)



2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(108)	(466)
	(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	990	1,078
	(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	882	612

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	50	2,383
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	(50)	(166)
3.5	Proceeds from borrowings	57	146
3.6	Repayment of borrowings	(364)	(804)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (principal portion of finance leases)	(43)	(129)
3.10	Net cash from / (used in) financing activities	(350)	1,430

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	881	1,440
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(853)	(2,912)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	882	612
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(350)	1,430
4.5	Effect of movement in exchange rates on cash held	(2)	(13)
4.6	Cash and cash equivalents at end of period	557	557

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	557	881
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)	557	881

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>		

6.1 Payments to related parties, including fees paid to directors and the CEO's cost of payroll, were \$271,000.

Foresta Group Holdings Limited has a cash balance of \$557,000 as at 31 March 2024.



7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. 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	204	204		
7.2	Credit standby arrangements	-	-		
7.3	Other (please specify)	-	-		
7.4	Total financing facilities	204	204		
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 – The Company has short-term borrowing facilities on insurance premiums, being:					
	Facility supplier	BOQ Finance – Insurance Premium Funding	BOQ Finance – Insurance Premium Funding	BOQ Finance – Insurance Premium Funding	Chartwell Funding (NZ) – Insurance Premium Funding
	Principle amount	15,641	14,053	42,763	NZ\$79,801
	Monthly repayments	1,417	1,257	3,798	NZ\$8,761
	Interest	17.14%	2.93%	11.94%	15.59%
	Term	12 months – ending 30 May 2024	10 months – ending 31 January 2025	12 months – ending 25 December 2024	10 months – ending 1 June 2024
	Balance at 31 March 2024	2,766	14,053	32,484	NZ\$25,610

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(853)
8.2	Cash and cash equivalents at quarter end (item 4.6)	557
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	557
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	0.65
<i>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.</i>		



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: 16 April 2024

Authorised by: the Board of Directors

(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.

