

## Disposal of outdated chemical extraction equipment

On 26 August 2024, **Essential Queensland Pty Ltd** ("Essential Queensland"), a wholly owned subsidiary of **Foresta Group Holdings Limited** (ASX: FGH) ("Foresta" or the "Company"), entered into an agreement with an unrelated third party to scrap its chemical extraction equipment stored in Rotorua, New Zealand (the "Equipment").

The Equipment was purchased second-hand in May 2022, as announced on 13 May 2022, and was dismantled in a process that was completed in December 2022. After dismantling, the Equipment was placed into containers and stored on site at Rotorua, pending the development of the Company's flagship project in New Zealand.

Following a thorough review and physical inspection of the Equipment, the Company determined that the Equipment had suffered significant deterioration and posed an unacceptable risk moving forward. Consequently, it was deemed in the best interests of the Company to scrap the Equipment.

The Board is committed to prioritising safety, and believes the outdated Equipment, being more than a decade old, could have posed significant safety and functional risks. The Company intends to purchase new, improved and safe equipment for its intended activities.

Additionally, the Board is of the view that the Equipment represents an unjustifiable financial liability due to the payment of insurance premiums and ongoing costs for storage and security on site. Given the condition of the Equipment, the Company determined that maintaining the Equipment was no longer in the best interest of the Company.

Under the terms of the agreement, the Company will receive NZD \$181,374 + NZD \$27,206.10 NZD (15% GST) = \$208,580.10 NZD (GST inclusive).

As a result of the deterioration of the Equipment, the Company has recognised an impairment of approximately AUD \$4,886,009, which will be noted in the Company's annual report for the year ended 30 June 2024.

Looking ahead, the Company intends to source new fully functional chemical extraction equipment for its New Zealand flagship project, contingent upon securing the necessary funding.

For more information please contact:

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#### 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 a leading natural and renewable pine chemical and biomass pellet manufacturing company. 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.

