



ASX RELEASE

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Foresta NZ signs supply contract with Tailored Energy Resources Limited

In August 2023, **Foresta NZ Limited**, a wholly owned subsidiary of **Foresta Group Holdings Limited** (ASX: FGH), signed a Term Sheet with **Tailored Energy Resources Limited** (TERL) in relation to an offtake agreement for the supply of up to 400,000 tonnes per annum of torrefied wood pellets.

In this respect, Foresta NZ and TERL have now signed a binding ten (10) year Supply Agreement to supply up to 65,000 tonnes of torrefied wood pellets per annum to reflect the production capacity of the first manufacturing facility (Stage 1a) in Rotorua, New Zealand.

Foresta's torrefied wood pellets will enable TERL customers to seamlessly transition to a low carbon alternative to coal whilst still being able to utilise their existing boilers. This is a valuable and critical solution for coal end-users given New Zealand's target of phasing out coal boilers by 2037.

Foresta torrefied "black" wood pellets reduce carbon emissions by over 95% when used to replace coal as well as reducing emissions from shipping for every log not being exported. These carbon emissions reduction data are most significant, particularly, if New Zealand is pursuing its quest to reach its intended target of net zero carbon emissions by 2050.

Pricing will be based on Foresta's current bulk market rate of NZD \$16.00 per GJ (plus GST), as at the date of this Agreement, which equates to NZD \$352 per tonne (plus GST) of torrefied wood pellets (at 22 GJ per tonne). This market sales rate translates to annual sales revenue of NZD \$22.9 million (annual quantity 65,000 tonnes), with a projected value of NZD\$229 million over the ten (10) year term of the Supply Agreement. Moreover, the Supply Agreement allows for additional supply quantities above the stated numbers as the company grows and expands production capacity.

TERL is an energy distribution company based in the South Island, New Zealand, supplying solid fuels, mainly coal and wood pellets, for raw resource processing such as milk, meat and wool as well as energy supply for industrial heating of schools, hospitals and horticulture.

TERL wish to offer their South Island client base an alternative energy fuel source that fits with their current infrastructure and reduces the burden of the Emissions Trading Scheme on their business.

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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 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.