



NZ Windfarms Ltd
POWERED BY NATURE

2022 Annual Shareholders' Meeting

29 September 2022

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All dollar amounts are in New Zealand dollars and all figures are subject to rounding and in some cases may not appear to add up.

Some non-GAAP financial measures could be used in this document and these are usually defined as footnotes. Financial information should be read in conjunction with the latest audited financial statements for the Company available at www.nzwindfarms.co.nz

Meeting Preamble:

- Quorum
- Notice of meeting
- Proxies
- Apologies
- Introductions

Presentations:

- Chairman's address
- Chief Executive's address
- Presentation of the annual report and audited financial statements for the year ending 30 June 2022 and shareholder questions

Business of Meeting:

- **Resolution 1:** Remuneration of Auditors - Ordinary Resolution
- **Resolution 2:** Election of Craig Stobo as a Director - Ordinary Resolution
- **Resolution 3:** Election of Philip Cory-Wright as a Director - Ordinary Resolution
- **Resolution 4:** Re-election of Patrick Brockie as a Director - Ordinary Resolution
- **Resolution 5:** Remuneration of directors - Ordinary Resolution
- **General Business and Q & A**



Craig Stobo
Chairman
Independent Director



Philip Cory-Wright
Independent Director



Patrick Brockie
Independent Director



Mark Evans
Independent Director



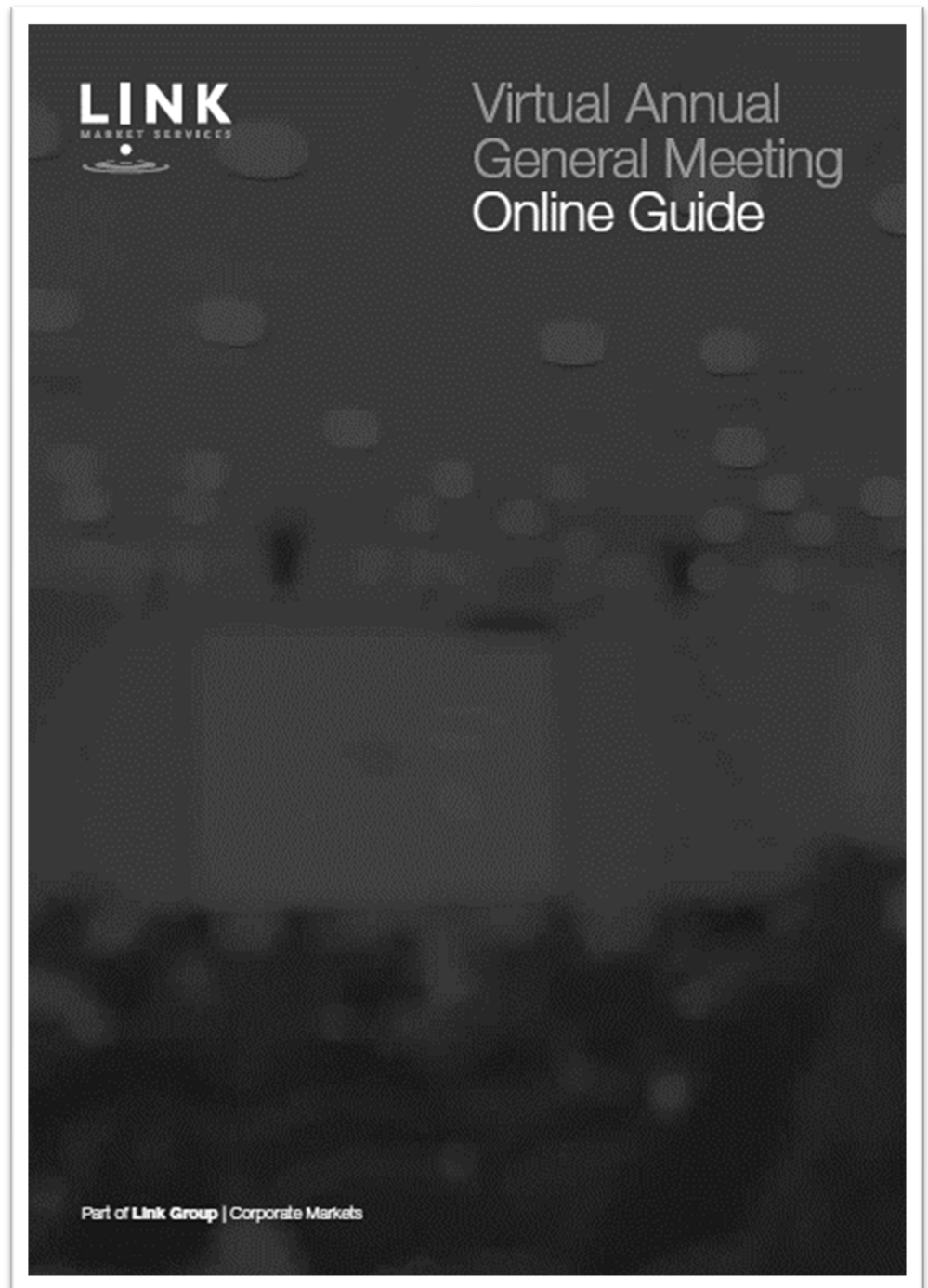
Christine Spring
Independent Director

Board of Directors



NZ Windfarms Limited Annual Meeting

Online Guide





Chairman's Address

Mr Craig Stobo



- **Successful fast-track resource consent referral.** The Minister for the Environment referred our Te Rere Hau repowering project allowing it to progress down the fast-track consent pathway. The next step is for the Company to finalise its consent application and submit it to the EPA later this year.
- **Generation: 100.2 GWh** (pcp: 110.5 GWh)
- **Average Wind Speed: 9.1 m/s** (pcp: 9.5 m/s)
- **Availability: 97.3%** (pcp: 95.6%)
- **Lost time injuries (LTI): 1 x LTI** (pcp: zero)
- **NZ Windfarms continued to benefit from the Variable Volume Fixed Price Agreements (VVFPA).**
- **Costs control despite COVID-19 impacts, supply chain and inflationary environment.**
- **Debt refinanced and increased for another three years.**
- **Increased debt used to partially fund land purchase (was leased) plus an undrawn debt facility to partially fund resource consent costs.**

- **Net Electricity Revenue⁽¹⁾: \$10.7m** (pcp: \$9.7m)
- **Net Electricity Price GWAP⁽²⁾: \$107.11 per MWh** (pcp: \$87.80 per MWh)
- **EBITDAF⁽³⁾: \$6.4m** (pcp: \$5.1m)
- **NPAT: \$5.2m** (pcp: \$0.3m)
- **Operating Cash Flow: \$5.9m** (pcp: \$4.9m)
- **FY2022 Final Dividend – to be paid 22 September 2022: 0.25 cps unimputed** (pcp: 0.45 cps)
- **Forward EBITDAF Guidance FY2023:** We anticipate EBITDAF in the range of **\$5.0m to \$6.5m**. The revision is based on a higher confidence **P75** full year generation of **108 GWh** (previously P50 117GWh) and an estimated blended electricity price of **\$98 per MWh** which incorporates VVFPA prices levels, estimated spot prices, hedge ratios and seasonally adjusted generation profiles.

(1) Net Electricity Revenue – Electricity sales revenue less realised gain (loss) on derivatives.

(2) Net Generation Weighted Average Price = (electricity sales + gain on realised derivatives – loss on realised derivatives) / generation

(3) EBITDAF - Earnings before interest, tax, depreciation, amortisation, and fair value adjustments. EBITDAF is a non-GAAP measurement. The Company utilises EBITDAF to provide shareholders with a view of underlying operational earnings on a like-for-like basis over time. Please note NZ Windfarms definition may be different to others in the market. Please refer to the EBITDAF waterfall chart for a reconciliation of EBITDAF to the financial statements.

Consenting Process and Potential Repower

- **Successful referral application to the Ministry for the Environment to utilise the COVID-19 Recovery (Fast-track Consenting) Act 2020 (FTCA) process.**
- This process is **only available for selected Shovel Ready Projects** that can demonstrate that they meet the purpose of the Act.
- It does not replace or circumvent the current Resource Management Act 1991 environmental test, but **it provides alternative pathways for speeding up decisions on resource consents.**
- **The next step in this process is to submit a fast-track consent application to the Environmental Protection Authority (EPA). This is expected to occur later this year.**
- **This is a major workstream for a small Company**, working with a team of independent experts to engage with affected parties and to finalise the proposed design, layout, and the development of a resource consent application and assessment of environmental effects.
- The Ministry for the Environment estimates that **successful applicants have on average saved 15 months of consenting time by utilising the FTCA process.**
- The potential to repower our Te Rere Hau wind farm is an exciting prospect which **would increase the amount of energy generated each year and reduce operating and capital costs per unit of energy produced.**
- In addition, new turbines would offer a range of **benefits in terms of noise reduction, visual uniformity, and improved reliability.**
- Not only would this provide **economic benefits** to the community **during construction**, it would also **continue throughout the operational life** of the wind farm.
- **Individual turbine numbers would reduce** by a factor of three, but with **higher tower and tip heights.**

Consenting Process and Potential Repower (Continued)

- **Costs related to the consenting workstream** are held in a capital work in progress account under intangible assets on the balance sheet and are **excluded from EBITDAF**.
- **Costs incurred to date are \$1.45m** with additional costs to be incurred this year.
- These will likely be capitalised, but it is dependent on the final outcome of the consent decision and relevant accounting standards.
- **A portion of undrawn bank debt up to \$1.4m is available to partially fund resource consenting costs.** This may be drawn down in part or in full.
- It is important to note that **this project is a repower** and **not a greenfield development** like other potential projects around the country.
- **The site is already operational, we understand the geotechnical nuances** of the site, **roads are already constructed** on the existing wind farm (albeit some new access roads will be required and some will require upgrading), **and we have existing assets that can be reused** such as buildings and the switchyard.
- This will **create project cost benefits and de-risk aspects of construction** compared to other greenfield developments.
- **A successful fast-track consent will create valuable strategic options.** The Board will consider these very carefully in order to maximise value for shareholders.
- We will share additional thoughts once a consenting decision has been finalised.

Governance Changes

- **Mr John Southworth** retired from the board at the last Annual Shareholders Meeting in 2021.
- **Ms Christine Spring** took over as interim chair until a replacement was found and appointed.
- **Mr Craig Stobo** was appointed independent chairman from 1 February 2022.
- **Mr Philip Cory-Wright** was appointed independent director from 1 April 2022. Philip's appointment increased the number of directors to five.
- **Mr Mark Evans** is stepping down at the conclusion of the Annual Shareholders' Meeting today. Mark's retirement will reduce the number of directors back to four.



Chief Executive's Address

Mr Warren Koia



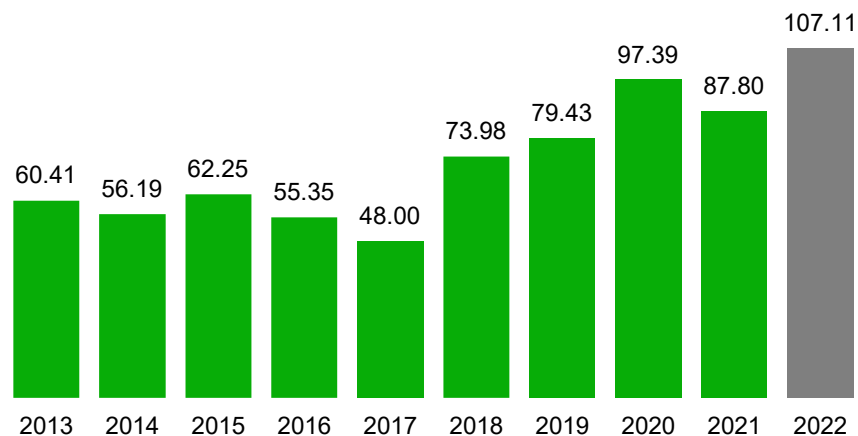
Snapshot

- We harness the power of wind to generate **clean** and **100% renewable electricity**.
- Well positioned to support the transition to a **low emissions economy**.
- Te Rere Hau is a world class wind site - **IEC Class 1A** certification.
- Independent wholesale wind generator.
- Experienced **board** and **management**.
- **92 x 500kW** turbines, **46 MW** nameplate capacity.
- **30m** hub height, **33m** rotor diameter.
- Annual **community engagement** and **liaison meetings**.
- The project received **resource consent** in 2005 with turbines installed in four stages with the final stage being completed in 2011.
- All maintenance carried out in-house.

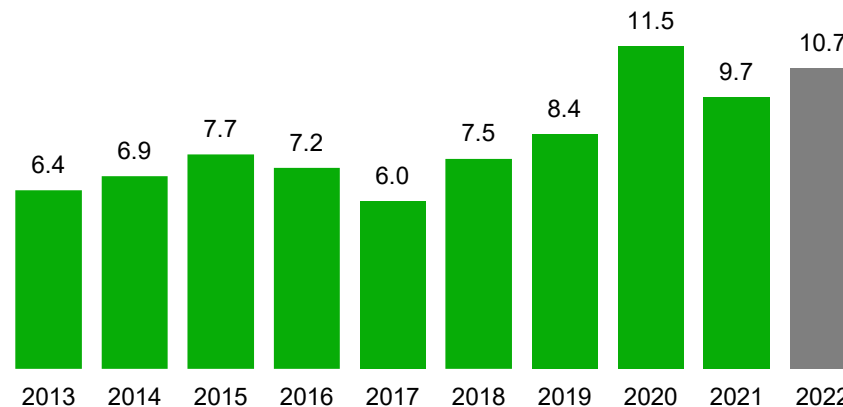
Asset base

- **92** wind turbines (~**50%** of fixed asset base).
- **56** consented but undeveloped turbine sites.
- **324** hectare freehold farm. (includes recent land purchase)
- Land access agreements for **32** turbines (Eastern extension).
- Workshop and office buildings.
- Extensive spares, tools and inventory.
- Underground connection system:
 - Connects each turbine to the Te Rere Hau switchyard.
 - **2 x 33kV transmission lines** that connect Te Rere Hau switchyard to Mercury's Tararua Wind Farm grid injection point and T3 sub station.
 - Permits injection up to **48.5MW** into the national grid.

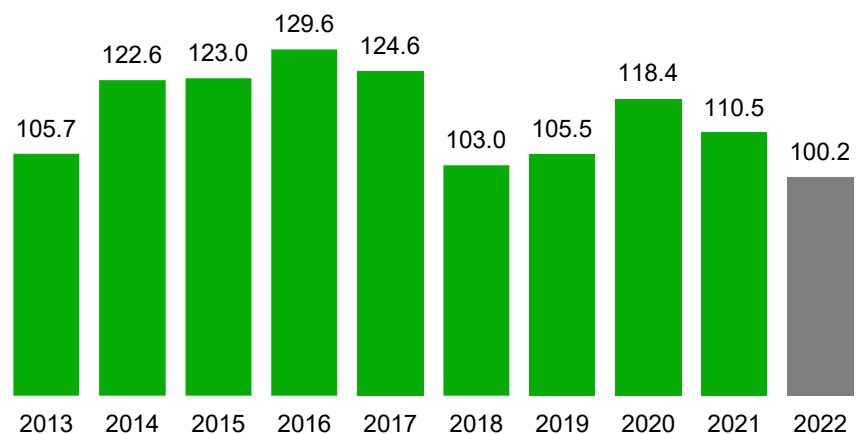
Net Electricity Price (GWAP \$MWh)



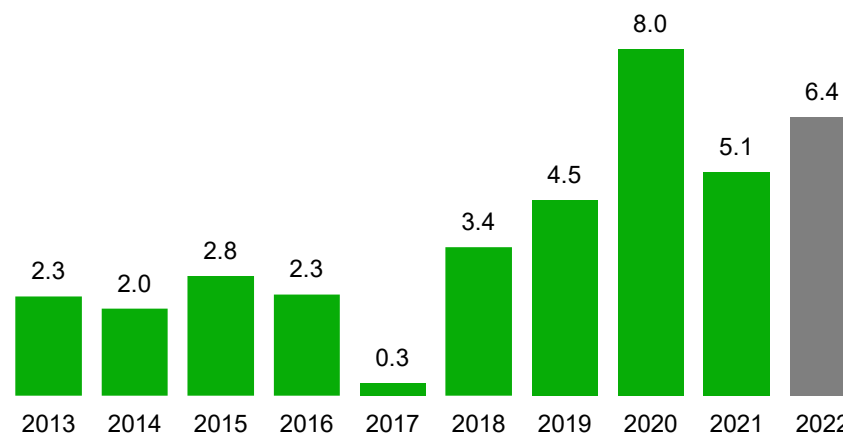
Net Electricity Sales (\$m)



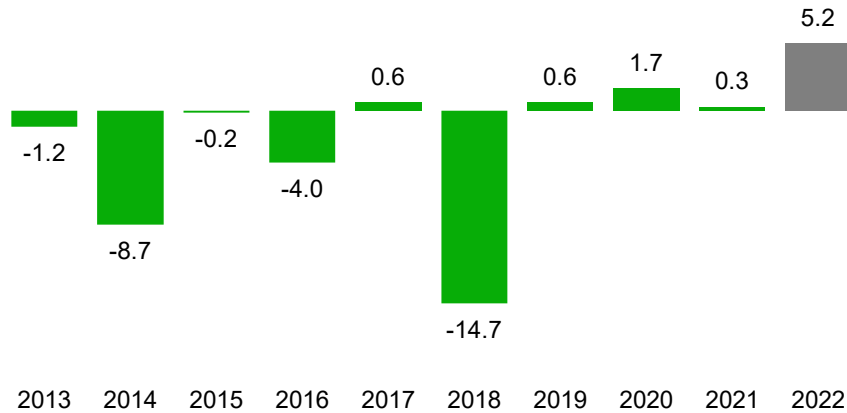
Generation (GWh)



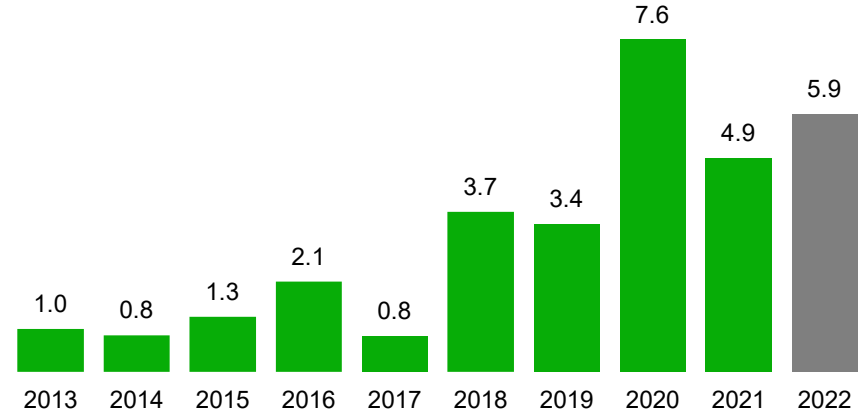
EBITDAF (\$m)



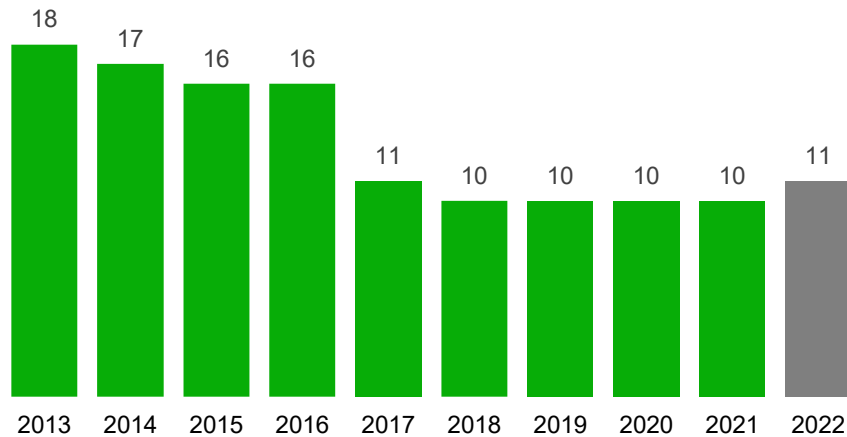
NPAT (\$m)



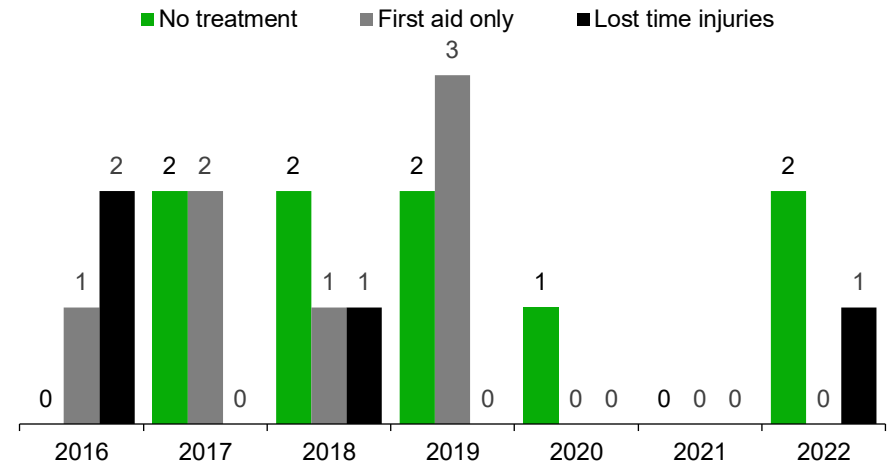
Operating Cash Flow (\$m)



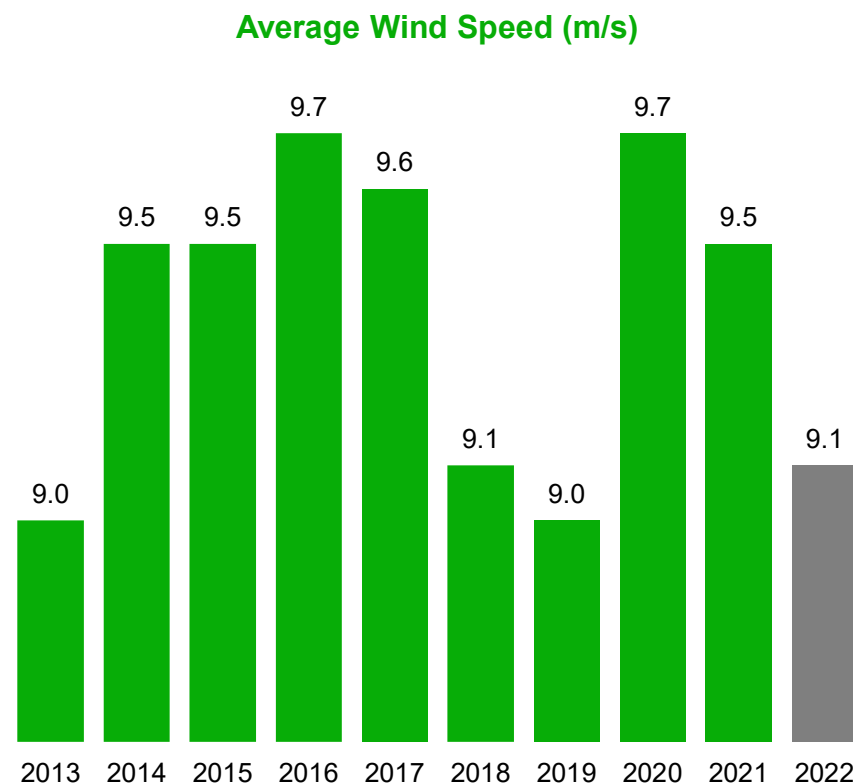
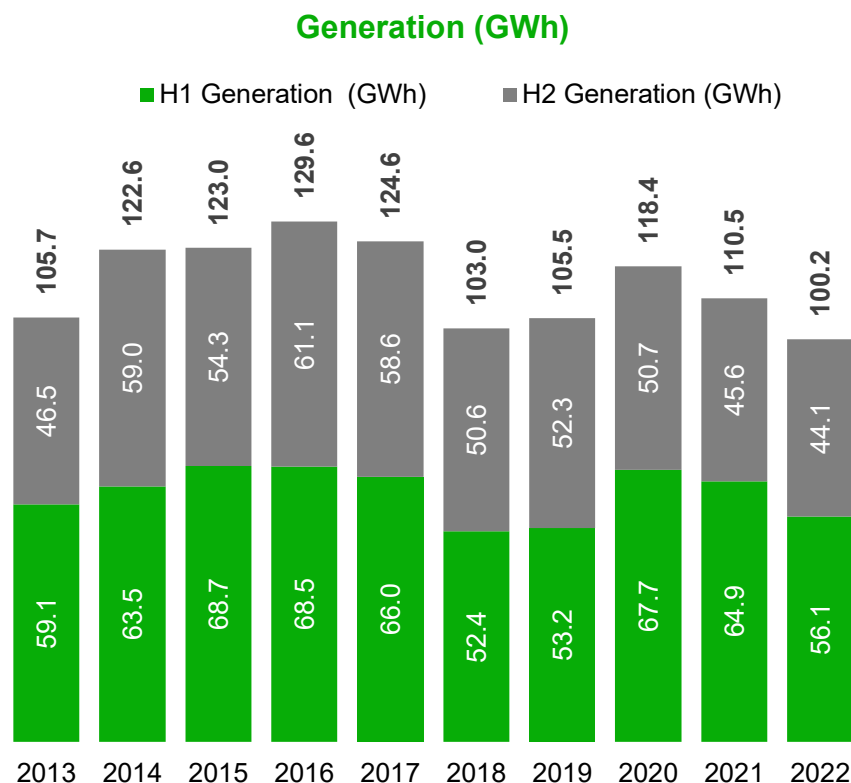
Staff Numbers



Health and Safety Metrics



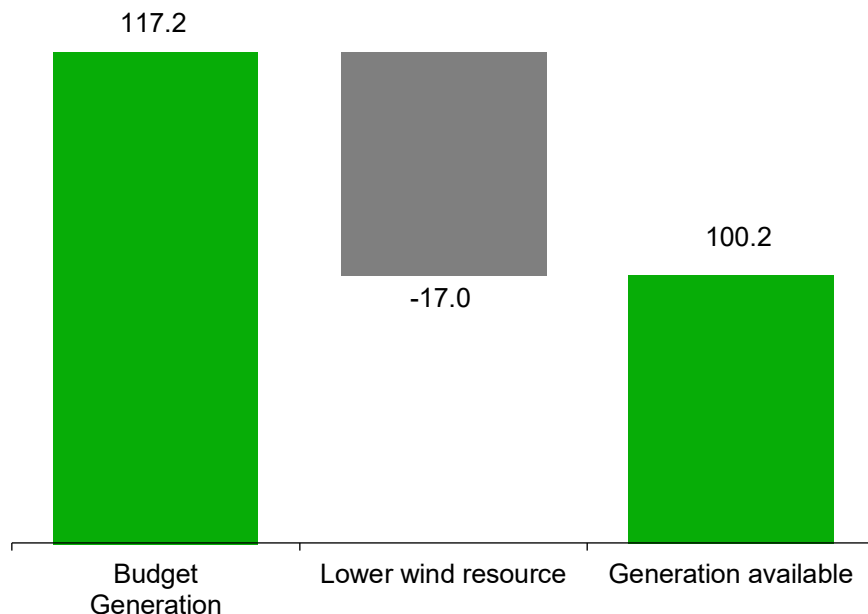
Generation (GWh) and Average Wind Speed (m/s)



- Generation was **100.2 GWh** (pcp: 110.5 GWh).
- Generation is correlated to average wind speeds.
- Note the fleet size was initially **97** turbines. **5** turbines have been decommissioned and the operational fleet is now **92**.

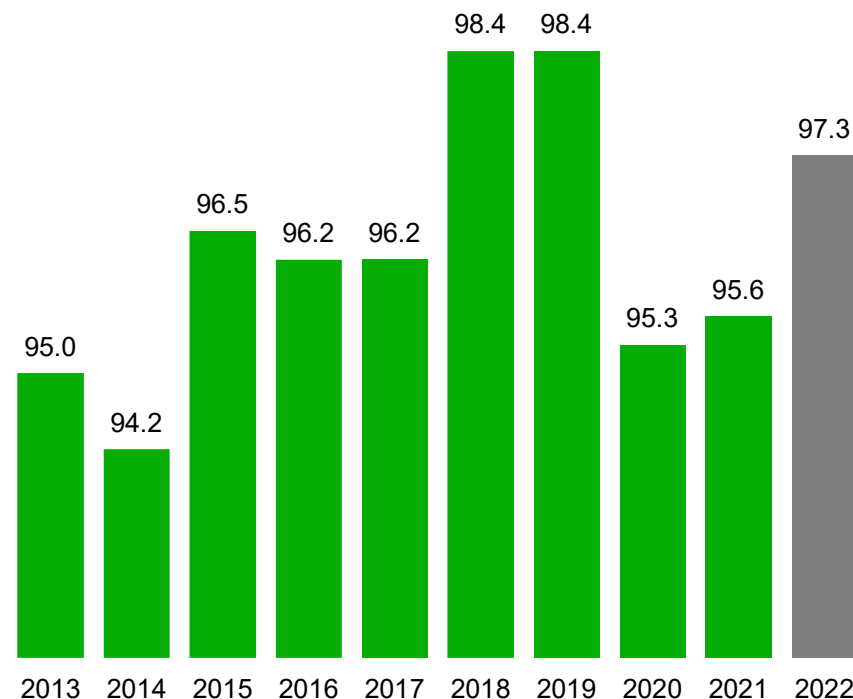
Generation Waterfall Chart (GWh) and Availability (%)

Generation waterfall chart for year ending
30 June 2022 (GWh)



- Generation was **-17.0 GWh** lower than expected.
- This is explained by lower average wind speeds

Availability (%)



- Availability for the period was **97.3%** (pcp: 95.6%).
- The turbine manufacturers benchmark for availability is **95.0%** and the industry benchmark is **97.0%**.

Ten year monthly GWAP electricity prices (\$MWh)

Ten year monthly GWAP electricity prices (\$MWh)

— FY2021 — FY2022

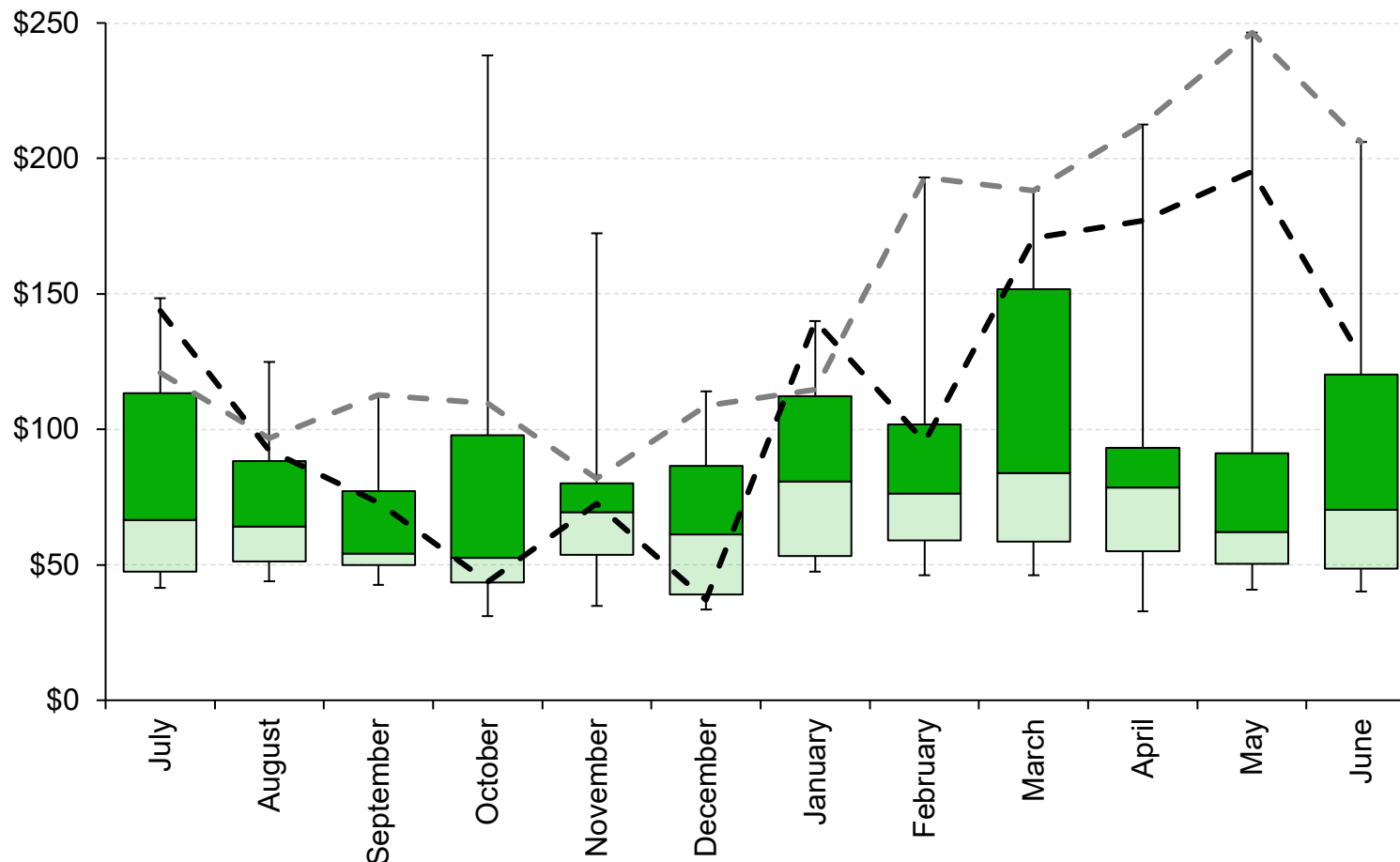


Chart Description

This is a box and whisker plot to illustrate the dispersion in historic monthly spot electricity prices received by the Company.

The top whisker denotes the max price received for each month.

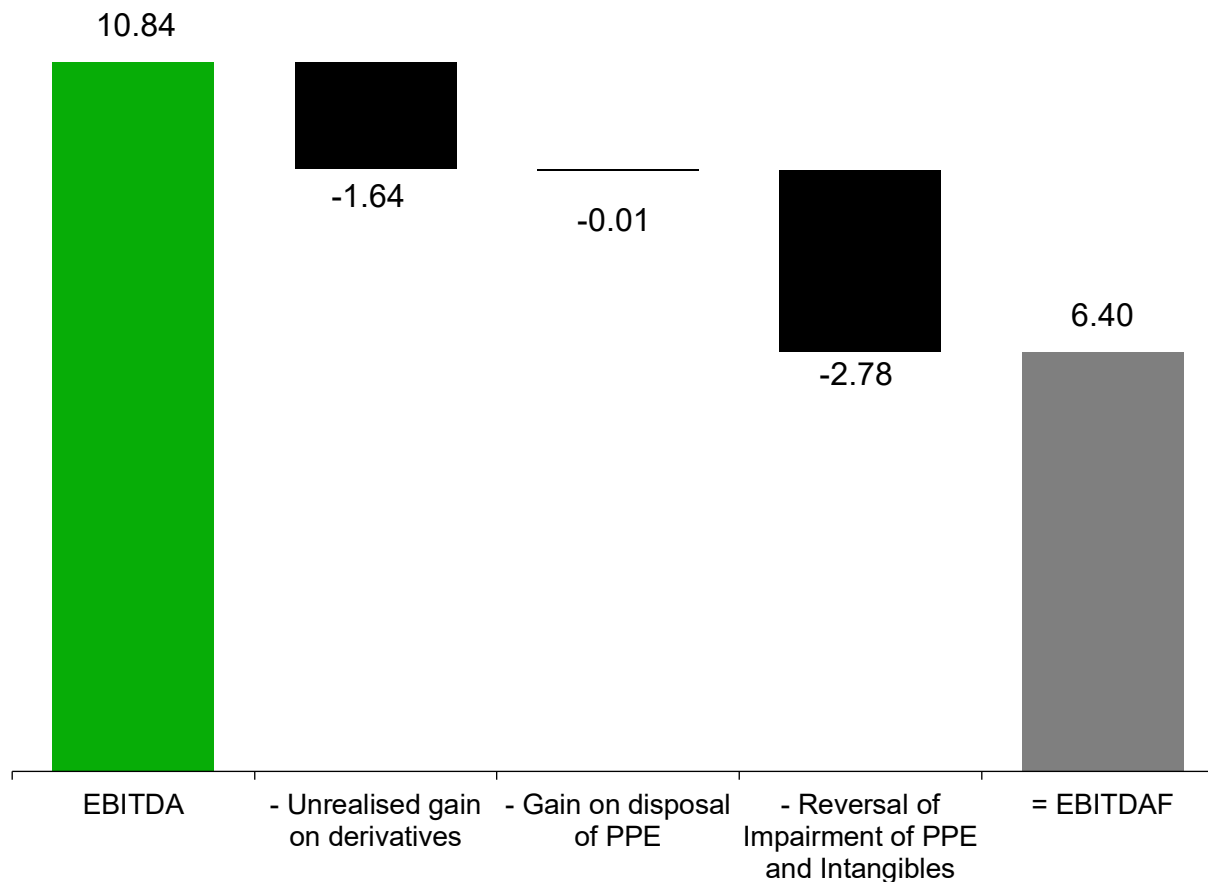
The top of each box denotes the 75th percentile price.

The line in the middle where the colours change denotes the median price (50th percentile).

The bottom of each box denotes the 25th percentile price.

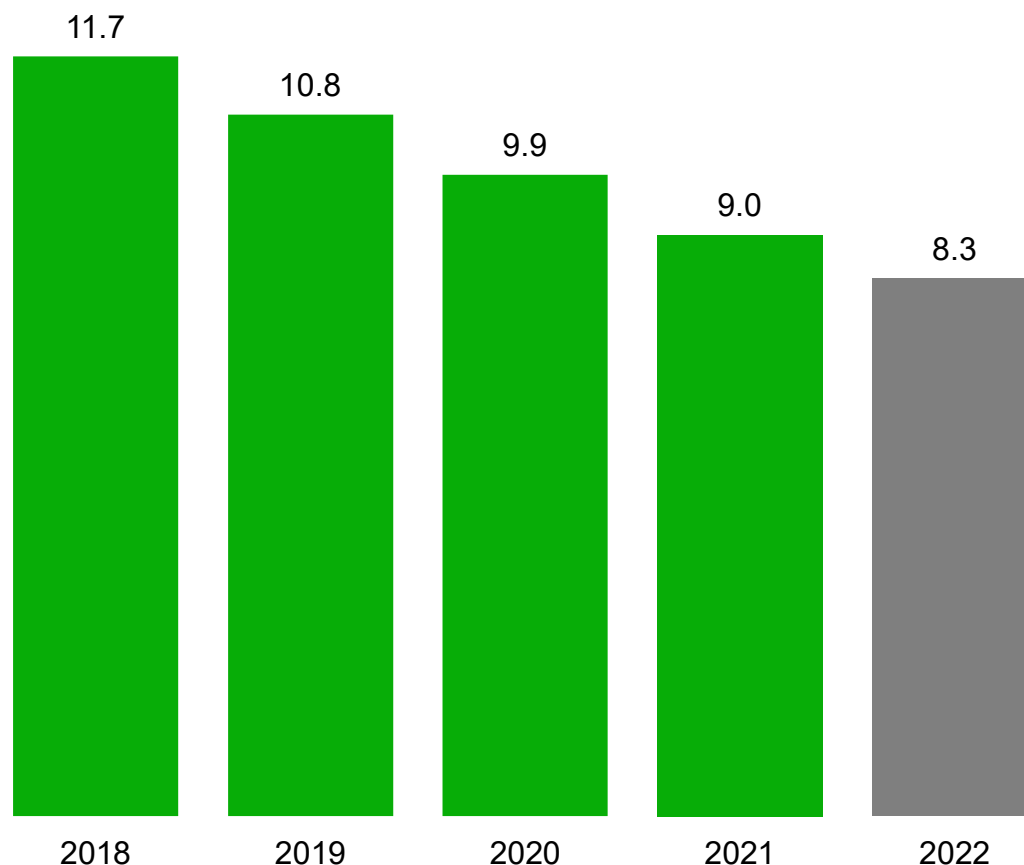
The bottom whisker denotes the minimum price received for each month.

EBITDAF Waterfall Chart (\$m)



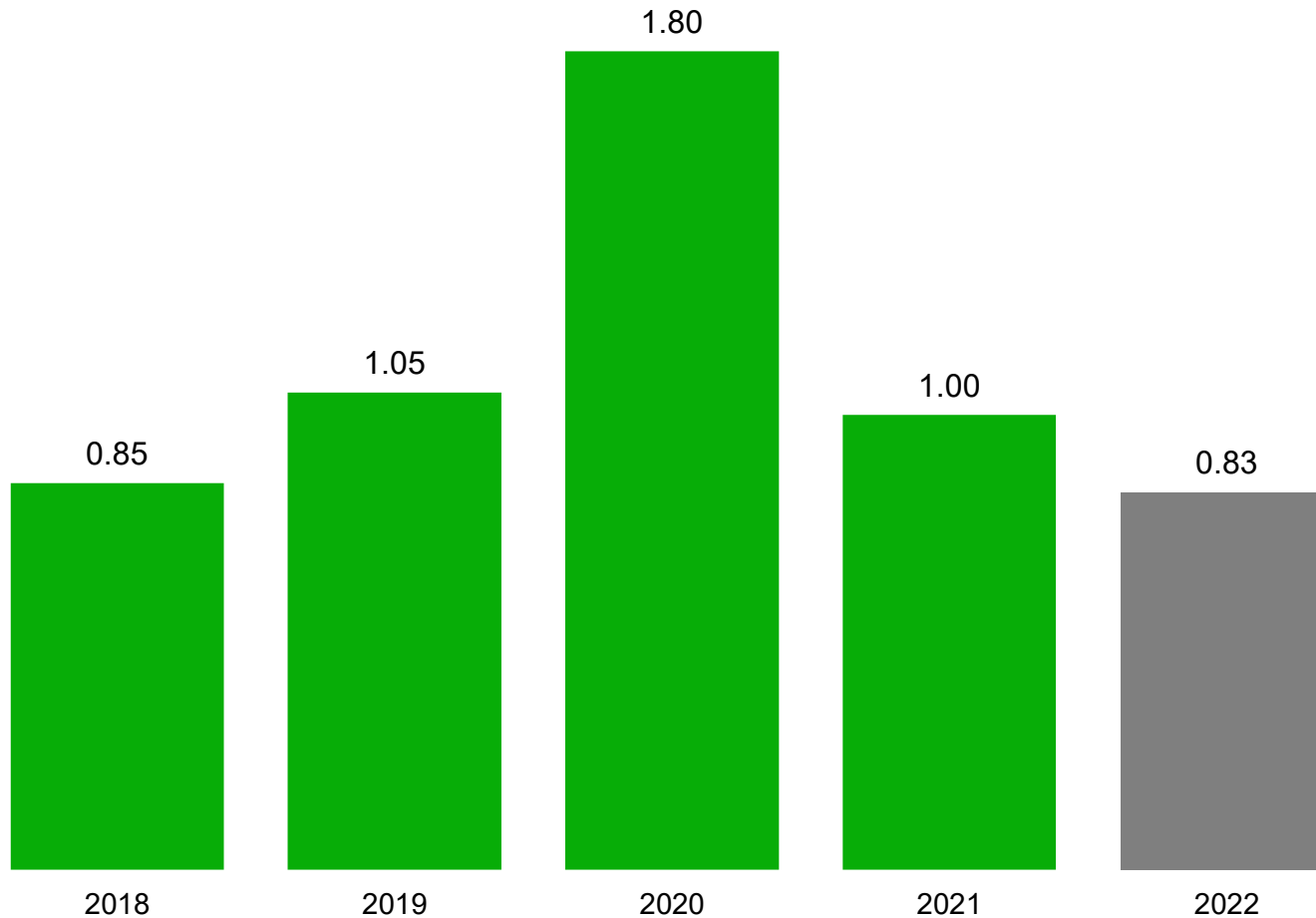
- **FY22 EBITDAF** was **\$6.4m** (pcp: \$5.1m).
- The Company utilises EBITDAF internally to evaluate profit and loss that relates to the financial period. EBITDAF is non GAAP measure.
- Two main non-cash gains were netted from EBITDA being an unrealised derivative gain and a reversal of impairment.
- Unrealised gains and losses are always removed from EBITDAF calculations to more easily compare profit or loss between financial periods.

Bank Debt (\$m)



- **Total Bank Debt** is **\$8.3m** (pcp: \$9.0m)
- **Net debt** is **\$6.6m** (pcp: \$6.5m)
- **Bank debt increased and refinanced** to 8 April 2025.
- **Additional debt utilised to partially fund land purchase.** Land block was formerly leased under a wind right agreement.
- **An undrawn facility up to \$1.4m** is available to partially fund resource consent costs.
- **\$7.3m of interest rate exposure is fixed to 31 March 2023.** The balance has floating rate exposure.

Gross Dividends (cps)



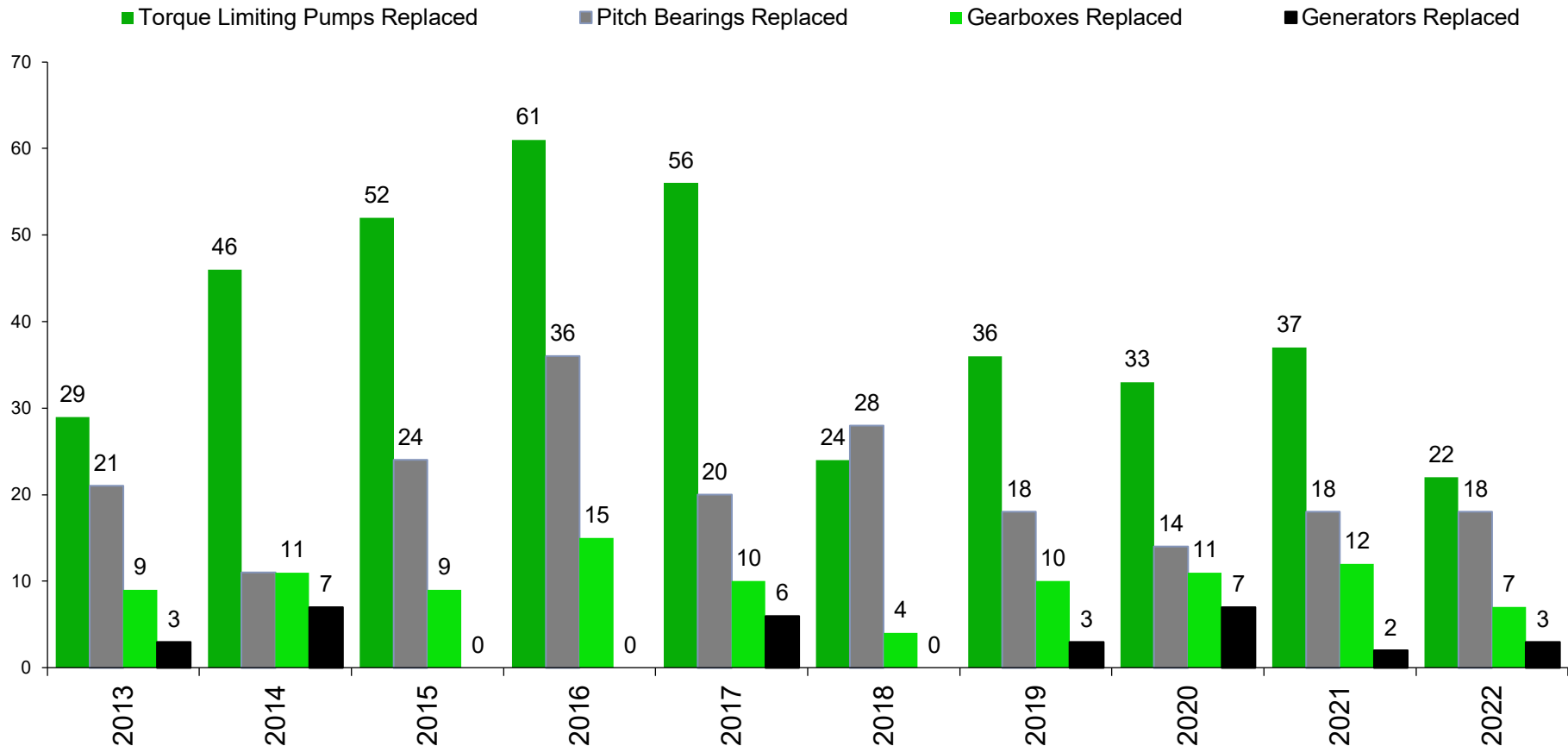
- A **0.25 cps** unimputed **FY22 Final Dividend** was paid on **22 September 2022**.
- This brings the **total unimputed dividends** paid related to the **FY22** period to **0.83 cps** (pcp: 1.00 cps).

AMP, Remaining Useful Life Estimates and Impairment Test

- **We established an asset management plan (AMP)** during the financial year to evaluate our key assets.
- The **AMP takes a long-term view of our infrastructure assets** and considers both risk and return frameworks to deliver appropriate levels of service and to maintain certain asset condition levels.
- The **AMP underpins our remaining useful life assumptions** and long-term operating and capital expenditure forecasts.
- **We carried out further non-destructive testing (NDT)** on towers, foundations and blades, on a sampling basis, continuing the programme implemented last year.
- There are two major changes to the **remaining useful life assumptions of the current fleet**. Instead of assuming a mid-life rebuild in 2031, with that investment underpinning operation out to 2051, we have instead assumed a more likely end-of-life operating mode of forgoing a midlife rebuild and assuming a gradual decline in fleet size between 2031 and 2041 at which point the existing fleet will be decommissioned.
- Non-destructive testing and monitoring, our newly commissioned asset management plan, forward price path signals and whether or not a repower decision is made, **will likely determine the ultimate decommissioning date for the existing fleet**.
- The Company's annual test as to whether the carrying value of its cash generating assets is appropriate once again determined **a reversal of prior impairments of + \$2.8m**. (2021: reversal of impairment +\$3.1m). This was driven mainly by an increase to the forward power price curve but was offset by negative movements in Weighted Average Cost of Capital (WACC) and forward projections of operating and capital expenditures (due to inflationary pressures).
- **This is a non-cash accounting adjustment**, included in earnings before tax, and spread over the balance sheet carrying values of property plant & equipment and intangible assets. **This adjustment is excluded from EBITDAF**.

Key Components Replaced

Key Components Replaced



- Key component replacement is reaching steady state.



Presentation of the annual report and audited financial statements for the year ending 30 June 2022

Opportunity for questions

Annual Report

For the year ended
30 June 2022



NZ Windfarms Ltd
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Business of the meeting



Proxy and Postal Votes as at 27 September 2022

	1. Auditors	2. Craig Stobo	3. Philip Cory-Wright	4. Patrick Brockie	5. Director Fees
Proxy votes already cast:					
For	64,015,849	64,876,279	64,701,186	64,916,299	8,516,782
Against	370,921	510,028	478,018	441,691	4,097,344
Abstain ¹	335,435	622,155	817,255	658,469	41,303,131
Discretionary proxy votes not yet cast:²	4,118,882	2,832,625	2,844,628	2,824,628	2,665,086
Total Proxy Votes:³	68,505,652	68,218,932	68,023,832	68,182,618	15,279,212

1. Abstain votes not counted in total proxy votes.
2. Votes held by the Chairman and other proxies.
3. Total issued shares of 288,063,584.

Resolution 1:

Appointment and
remuneration of Auditors
- Ordinary Resolution



Resolution 2:

**Election of Craig Stobo
as a Director - Ordinary
Resolution**



Resolution 3:

**Election of Philip Cory-
Wright as a Director -
Ordinary Resolution**



Resolution 4:

**Re-election of Patrick
Brockie as a Director -
Ordinary Resolution**



Resolution 5:

Remuneration of Directors



Final Voting Instructions and **Vote Closure**



General Business and Q&A





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