

WINTON

MARKET ANNOUNCEMENT

NZX: WIN / ASX: WTN

24 February 2022

Winton Announces First Half FY22 Results

Reaffirms full year guidance

Residential land developer Winton Land Limited (“Winton”) is pleased to announce its interim results for the half-year ended 31 December 2021 (H1 FY22).

Financial Highlights

- Revenue \$44.3 million
- Gross profit \$19.3 million
- Gross profit margin 43.5%
- Earnings before interest tax depreciation and amortisation (EBITDA) \$2.8 million
- Pro forma earnings before interest tax depreciation and amortisation (Pro forma EBITDA) \$8.8 million
- Profit after income tax \$1.3 million
- Pro forma profit after income tax \$6.0 million
- Total debt \$130.0 million
- Net cash \$250.2 million

Pro forma adjusts for one-off listing and offer costs.

Business Highlights

- Continued to grow pre-sale book, significantly outpacing realised sales.
- \$51 million in gross settlements, average revenue per unit \$346K
- \$119 million in gross new sales in H1 FY22
- \$720 million of gross pre-sales as at 31 December 2021
- Delivered 128 units, including residential lots, dwellings and townhouses
- Launched multiple new projects throughout New Zealand
- Launched proposal for Sunfield
- Landbank yield of up to 7,314 units, including 917 retirement living units

Chris Meehan, Winton Chief Executive Officer, said “it is a pleasure to report Winton’s half year results following the \$350 million capital raise and NZX/ASX listing in December 2021.

We had an excellent first half and are pleased to reaffirm the guidance provided during the IPO. We are in a strong position going into the second half and look forward to settling some significant projects during the period. Our pre-sale book is market-leading and continues to grow, outpacing settlements by \$86 million this year to date. At 31 December 2021 we had reached \$720m in gross pre-sales and have continued to build on this, achieving \$738m as at 18 February 2022.”

Financial Commentary

Winton delivered \$44.3m in revenue for the first half of FY22, a 52.2% decrease from H1 FY21, reflecting the timing, volume and value of settlements during the current and prior periods. The volume of units varies from year-to-year depending on the number and size of projects under development and the development lifecycle of each project, the staging of construction works, the level of pre-sales and the underlying market. As such there were 47.8% less units settled in H1 FY22 compared to H1 FY21, driven by fewer settlements at Lakeside following high settlement volumes in

EBITDA/EBIT and Pro forma EBITDA/EBIT are non GAAP measures. EBITDA/EBIT have been calculated on a consistent basis to the EBITDA/EBIT measures presented in the FY22 PFI. A reconciliation from EBITDA/EBIT to Pro forma EBITDA/EBIT can be found in the appendices.

H1 FY21 and a different product mix with more residential lots sold versus dwellings, reducing the average value of units settled by 8.5%.

Gross profit was \$19.3 million, down 23.4% compared to H1 FY21, reflecting lower settlements and a different product mix within those settlements. Gross profit margin increased by 60.3% from 27.2% to 43.5% for the same period due to a higher average margin from the product mix settled during H1 FY22.

Pro forma EBITDA was \$8.8 million, down 52.2% from \$18.4 million in H1 FY21. One-off listing and offer costs are removed in the Pro forma EBITDA to demonstrate the business's underlying performance. The decrease reflects lower revenue discussed above and higher selling and administrative expenses.

The higher selling expenses were attributable to additional marketing that hadn't been incurred before, including Winton brand marketing and the establishment of the new Sunfield project and Northbrook brand.

Profit after income tax for the period was \$1.3 million compared to \$10.4 million in the comparative period, an 87.5% decrease. Removing one-off listing and offer costs Pro forma profit after income tax was \$6.0m, a 42.3% decrease.

As at 31 December 2021, cash and cash equivalents were \$347.9 million, compared to \$35.0 million at 30 June 2021, reflecting funds from the capital raise received in December 2021. Total assets were \$596.0 million and total liabilities were \$173.3 million. Net cash as at 31 December 2021 was \$250.2 million. Net cash includes the \$130.0 million loan that will be assessed for repayment in full with funds from the capital raise by year-end.

Reaffirming guidance

The Board of Directors is pleased to reaffirm FY22 revenue guidance of \$158.0 million. In H1 FY22, \$44.3 million revenue was recognised, and we have pre-sold 97% of forecast revenue in H2 FY22 as at 18 February 2022. The remaining \$113.7 million is on target to be recognised in H2 FY22, with \$10.9 million in settlements having already occurred and two major project stages that are both pre-sold, to be completed and settled over the coming months.

Pro forma EBITDA FY22 guidance remains unchanged at \$49.0 million, along with profit after income tax FY22 guidance of \$29.7 million. Therefore, as expected, we plan to pay a 1.0 cent dividend per share for the full year.

Looking further ahead, we are on target to meet the FY23 guidance provided in the PDS. For FY23, to date, we have achieved 73% in pre-sales of forecast revenue in FY23 and expect to deliver \$344.7 million in revenue for the full year, \$137.5 million EBITDA and \$98.8 million profit after income tax.

From FY23, dividends are expected to be declared and paid twice yearly following the release of interim and annual results, as outlined in the PDS issued on 1 December 2021.

The guidance is subject to no material adverse changes or unforeseen events, no material development delays, settlement defaults or any further material covid-19 restrictions.

Business Update

Pre-sales have continued to grow significantly, outpacing settlements by \$86 million this year to date. Execution onsite has continued at pace at Winton neighbourhoods throughout New Zealand.

The already established and thriving Northlake community in Wanaka was a hive of activity during H1 FY22. Stage 14A civils and landscaping were completed during the period, with 28 lots settled and handed over to buyers eager to get started on the construction of their new homes. Within Stage 15, 17 lots and 16 new homes were settled and construction began on the 28 duplex dwellings.

At Launch Bay in Auckland, construction of the Ovation apartments has continued in line with the project timeline, with the brick façade currently being installed, along with the windows. At the neighbouring Ovation Townhouses and the Launch Bay Townhouses, concrete foundations are soon

to be poured, kicking off vertical construction of both products. The Marlborough apartments are nearing completion, with internal finishing well underway. We also launched pre-sales of the premium Jimmy's Point apartments at the end of 2021 and received an immediately strong uptake from the market.

River Terrace is a boutique 17 lot lifestyle subdivision located 3km from Cromwell with generous sections ranging from 1.32 to 3.92 hectares. During H1 FY22, we started works onsite that are now complete. Application for titles is underway and these are anticipated to issue in April 2022.

Remediation of the historic farm buildings at Ayrburn near Arrowtown is in progress and will be the backbone of a prestigious hospitality precinct called Ayrburn Domain. Significant progress has also been made on the access way to Waterfall Park.

During the first half of FY22, we also delivered the final 11 residential lots at Longreach Cooks Beach, bringing the 163-lot development to an end.

We submitted our application to the new Urban Development Act legislation for Sunfield, our forward-thinking and sustainable 3,643 home neighbourhood, together with circa c.50 hectares of employment land in Papakura, Auckland. Sunfield is a first for Australasia, with 90% fewer cars and based on the principle of a 15-minute neighbourhood where residents can work, live and play. Given its innovative masterplan and the complexities involved, we believe it is perfectly suited for the new Urban Development Act legislation. The demand for housing in this area is only out-stripped by the demand for employment land, so we look forward to hearing whether Sunfield has been accepted for assessment by the Minister of Housing before the end of March 2022.

We continued to make good progress on Northbrook, our luxury retirement brand focused on delivering a high-end later living experience. We are assembling an experienced team to execute the retirement strategy, led by ex-Summerset CEO Julian Cook, and have commenced the process of developing five retirement village projects which will yield 917 retirement units. Each current project is at various stages of seeking resource consents, with the first retirement properties expected to be completed during 2024.

We are looking forward to some key deliverables across different projects in the second half of the financial year. At Lakeside Te Kauwhata, we will complete and settle 142 lots in Stage 2A and finish and handover the school site to the Ministry of Education for a new 1,000 pupil primary school. Extensive earthworks for Stage 3 comprising 435 lots are underway, along with continuing construction of the neighbourhood commercial/retail centre.

Our one neighbourhood in Australia, North Ridge Cessnock, is progressing as planned and sales have continued to be strong. During H2 FY22, we will complete and settle the 27 lots within Stage 2 and continue with significant earthworks and civil works in Stages 3 and 4. We also launched 42 residential lots within Stages 5 and 6.

Beaches Matarangi has had a standout summer of sales as New Zealanders continue to secure their own piece of coastal property. Following the launch of Stages 11-15, we had more than 70 sales over the summer period, and only a handful of sections are left. While these sales don't impact current forecasts, they contribute to the ever-growing pre-sales book and, therefore, future revenue pipeline. In the remaining months of the FY22 financial year, we will settle the balance of the 48 lots in Stages 3 and 4 and continue with the earthworks and civil works for the future stages that are under construction.

Market and Outlook

With a solid balance sheet, a reputable and high-quality brand and a proven ability to acquire land and execute large development plans, Winton is in a strong position to continue to deliver on the strategy it shared in the PDS.

The market dynamic is complex and after a buoyant 2 years, the macro settings are evolving as we move into year 3 of a COVID impacted economy where high inflation has taken its grip following the past two years of the Government supporting the economy. In addition, we are seeing rising interest

rates, net migration loss, the effects of changes to lending rules, Credit Contracts and Consumer Finance Act and potential regulatory changes to the Resource Management Act.

With all of that being said, we are confident with our position given our secured revenue pipeline from comparatively high pre-sales, which mitigates market risk from shorter-term fluctuations. Should we observe short-term hesitancy in the residential market, Winton's target market is diversified to capture retirement living buyers in the upper quartile who are asset-rich and largely immune to inflation and interest rate rises.

As we look ahead, the housing shortage continues throughout New Zealand, particularly in Auckland, which will only increase when net migration returns once border controls are relaxed.

Recently reported building consent data showed significantly higher consents which will help address the housing shortage if they materialise into homes. However, potential consolidation in the sector from smaller players that are unable to weather the macro headwinds and don't have the same resiliency to mitigate supply chain issues and ongoing COVID disruptions, will impact conversion from consent to build.

Mr Meehan said, "in our established market-leading position, with our track record of successful developments and extensive development pipeline, we believe this is a great time for Winton to continue to execute its growth strategy, outperforming competitors and taking market share. Winton remains focused on developing thoughtfully designed neighbourhoods and creating thriving residential communities and retirement villages throughout New Zealand."

ENDS

For investor or analyst queries, please contact:

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Appendices

Appendix 1 – Pro forma EBITDA

All values in \$000's	Unaudited 6 months ended 31 December 2021	Unaudited 6 months ended 31 December 2020
Earnings before interest expense, taxation and depreciation (EBITDA)	2,783	18,424
Pro forma adjustments:		
Transaction costs relating to the Offer	5,950	-
Listed company costs	17	-
Total pro forma adjustments	5,967	-
Pro forma EBITDA	8,750	18,424

Appendix 2 – Pro forma Profit after income tax

All values in \$000's	Unaudited 6 months ended 31 December 2021	Unaudited 6 months ended 31 December 2020
Profit after income tax	1,339	10,426
Pro forma adjustments:		
Transaction costs relating to the Offer	5,950	-
Listed company costs	17	-
Tax impact of pro forma adjustments	(1,349)	-
Total pro forma adjustments	4,618	-
Pro forma Profit after income tax	5,957	10,426