



NZ Windfarms Ltd
POWERED BY NATURE

Half Year Results Presentation

For the period ending 31 December 2023

- **Strong financial performance** for the half year driven by **higher spot and hedged electricity prices coinciding** with **improved wind generation**.
- **Generation: 59.6 GWh** (pcp: 56.0 GWh)
- **Average Wind Speed: 9.8 m/s** (pcp: 9.5 m/s)
- **Availability: 96.9%** (pcp: 93.6%)
- **Net Electricity Price GWAP⁽¹⁾: \$106.49 per MWh** (pcp: \$88.67 per MWh)
- **Net Electricity Revenue⁽²⁾: \$6.3m** (pcp: \$5.0m)
- **EBITDAF⁽³⁾: \$3.6m** (pcp: \$2.5m)
- **NPAT⁽⁴⁾: -\$3.1m** (pcp: \$1.8m)
- **Operating Cash Flow⁽⁵⁾: \$1.2m** (pcp: \$2.8m)
- **Lost time injuries (LTI): Zero** (pcp: Zero)
- **Dividend payments remain paused** (pcp: paused)
- **FY2024 EBITDAF Guidance** upgraded to **\$4.5m to \$5.5m** (from \$3.0m to \$4.5m).

⁽¹⁾ Net Generation Weighted Average Price = (electricity sales + gain on realised derivatives – loss on realised derivatives) / generation

⁽²⁾ Net Electricity Revenue = Electricity sales revenue plus realised gain (less loss) on derivatives.

⁽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 calculation for a reconciliation of EBITDAF to the financial statements.

⁽⁴⁾ NPAT = Net Profit after tax. This is referred to as total comprehensive income and profit (loss) after tax in the financial statements.

⁽⁵⁾ Operating cashflow is referred to as net cash inflow (outflow) from operating activities in the financial statements.

- **Partnership with Meridian Energy Ltd to deliver** New Zealand's first wind farm **repowering project**.
- **Placement to Meridian Energy Ltd raising \$6.7m** followed by a **\$5.1m underwritten pro-rata renounceable rights issue** both undertaken at a **strike price of \$0.1550 per share**.
- **Meridian Energy Ltd** is now a **substantial shareholder (19.99%)**.
- **Shareholder consent** for the **Repower transaction** was **secured** following a successful **Special Shareholders Meeting**.
- Portion of capital raise proceeds utilised to **repay bank debt in full**.
- **Surplus proceeds** placed on deposit **for operational needs and strategic growth opportunities**.
- **Aokautere Extension Project** Fast-Track Consent application is **awaiting the appointment of an Expert Consenting Panel**. A **consenting decision** is now expected **before financial year end**.
- **Formation of new General Partnership (GP) / Limited Partnership (LP) entities** to **facilitate capital raise and deliver repower project**.
- **Transfer of non-core assets** (New grid connection application, new transmission corridor and site access agreements) to Te Rere Hau Project LP (one of the new LP entities).
- **New revenue stream** established from the sale of **Renewable Energy Certificates (REC)**, allowing clients to offset carbon emissions associated with their electricity consumption.

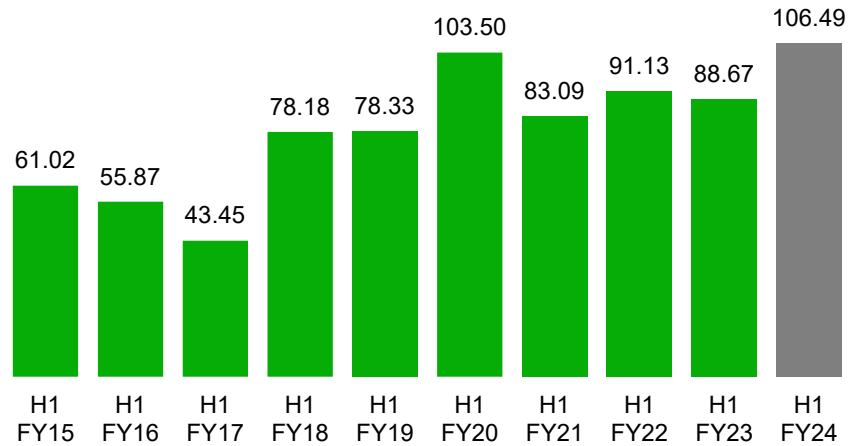
Snapshot

- We harness the power of wind to generate **clean** and **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**.
- **91 x 500kW** turbines, **45.5 MW** nameplate capacity.
- **30m** hub height, **33m** rotor diameter.
- Annual **community engagement** and **liaison meetings**.
- The wind farm 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.

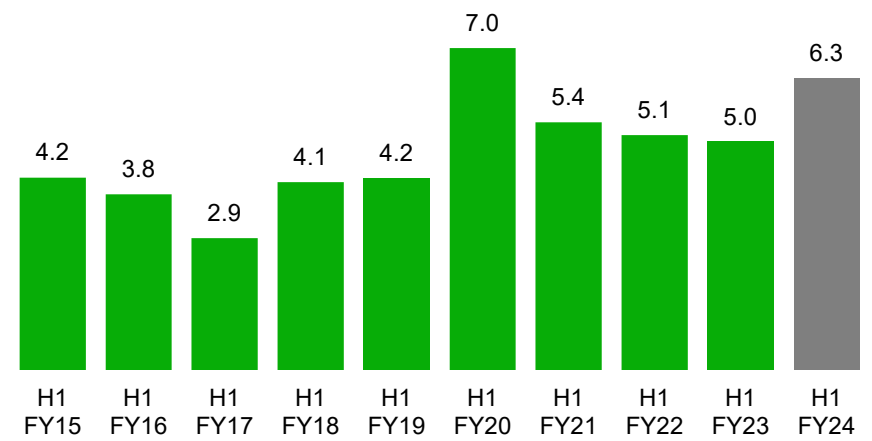
Asset base

- **91** wind turbines (~**50%** of fixed asset base).
- **56** consented but undeveloped turbine sites.
- **324** hectare freehold farm.
- 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.

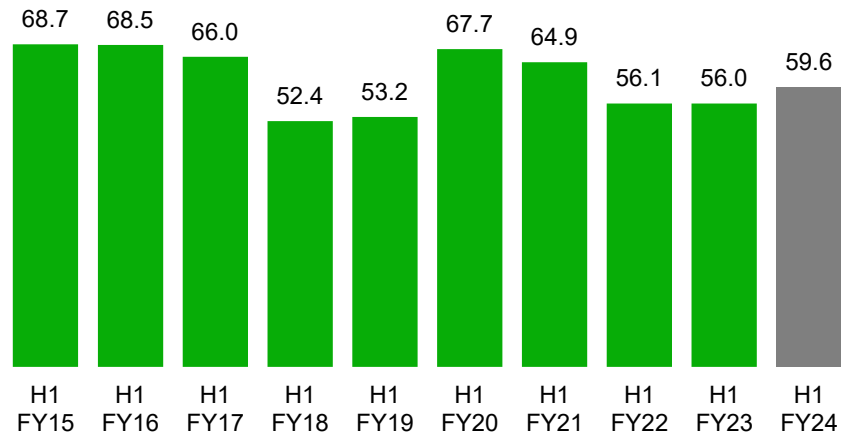
Net Electricity Price (GWAP \$MWh)



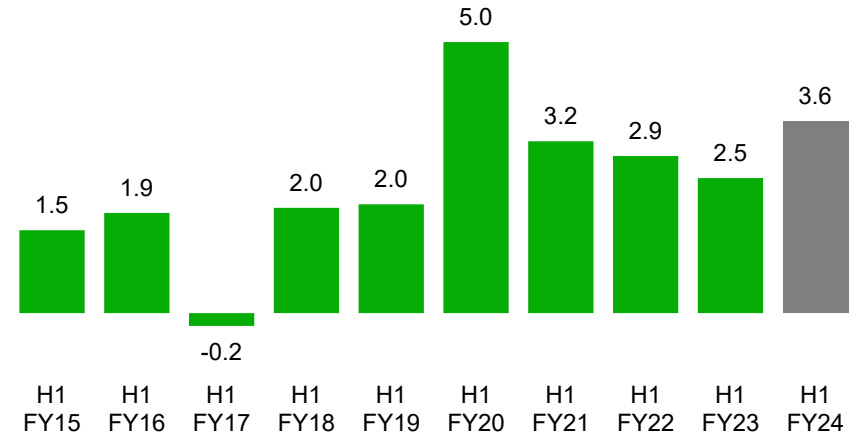
Net Electricity Revenue (\$m)



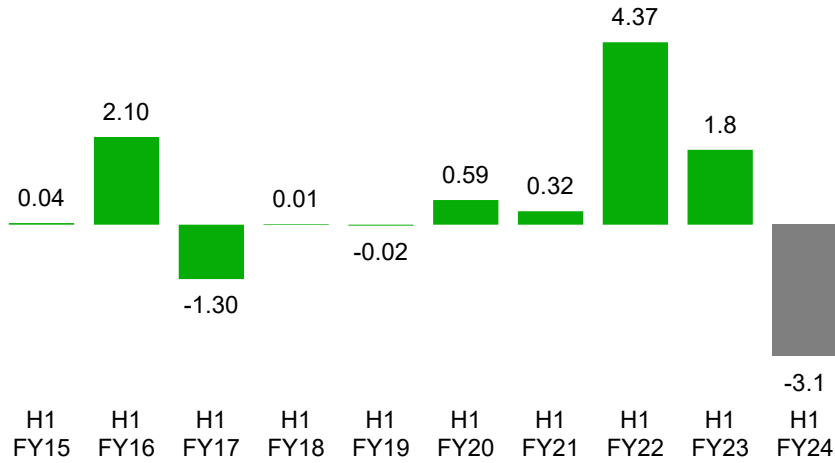
Generation (GWh)



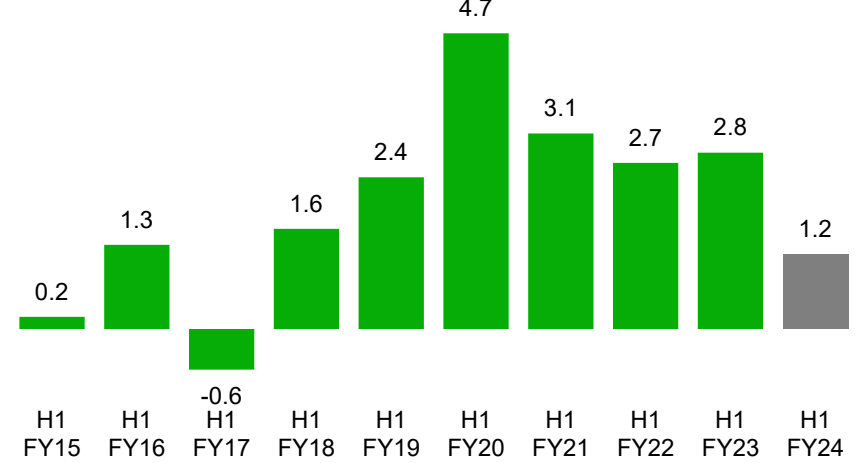
EBITDAF (\$m)



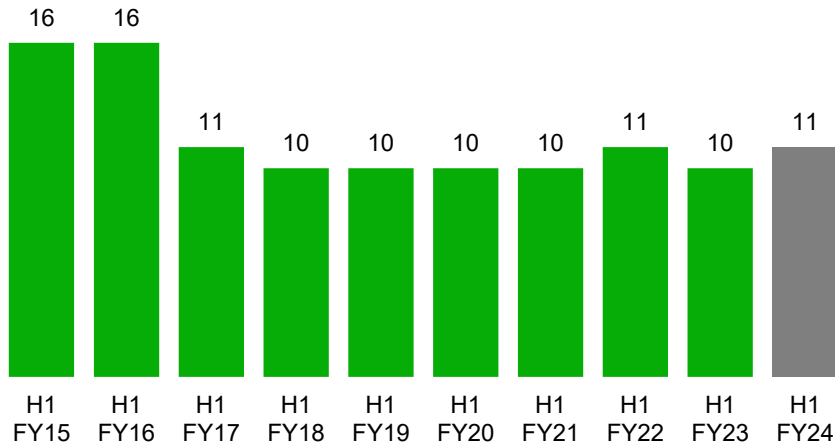
NPAT (\$m)



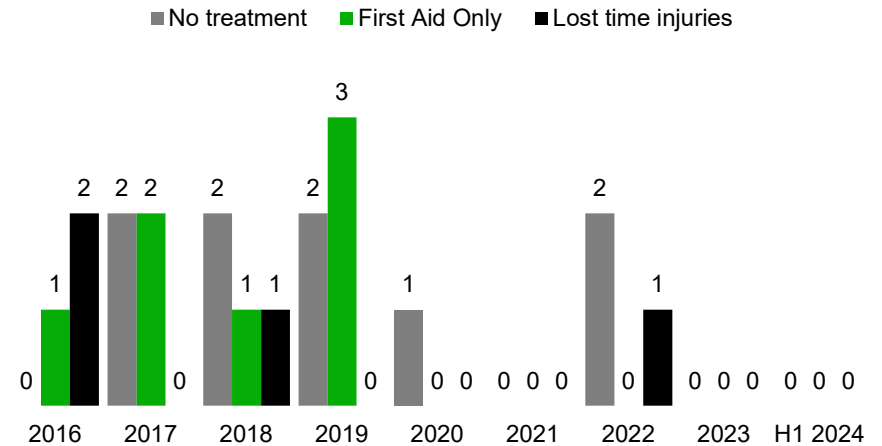
Operating Cash Flow (\$m)



Staff Numbers



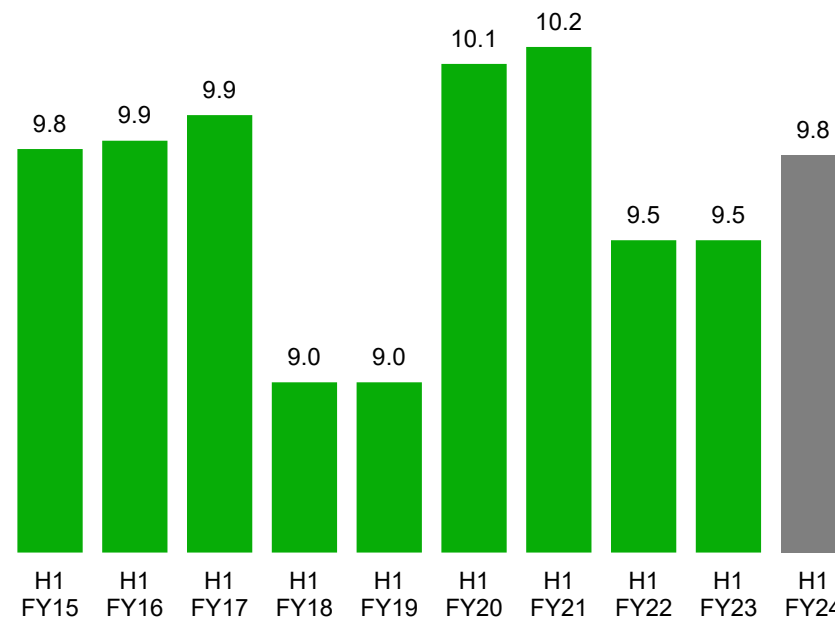
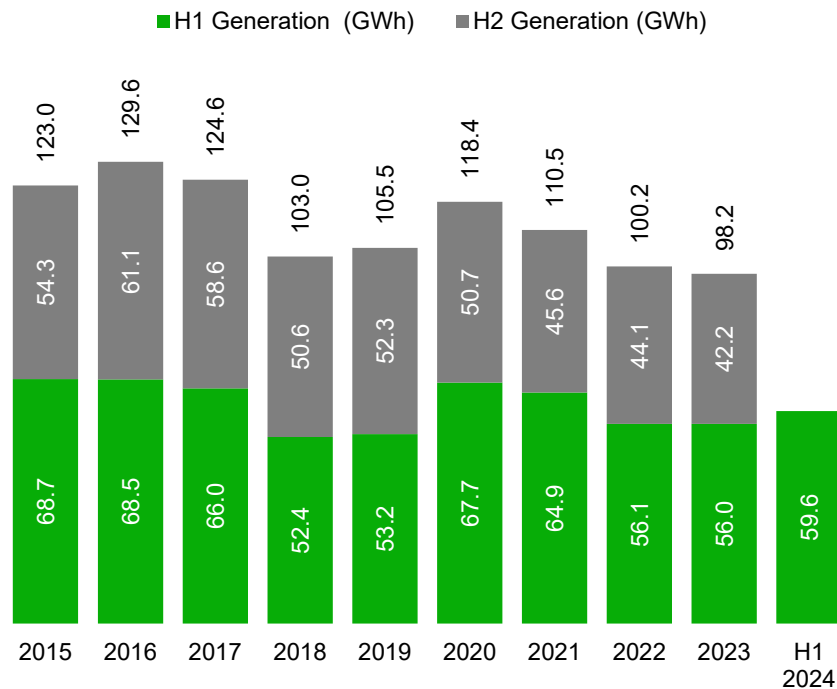
Health and Safety Metrics



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

Generation (GWh)

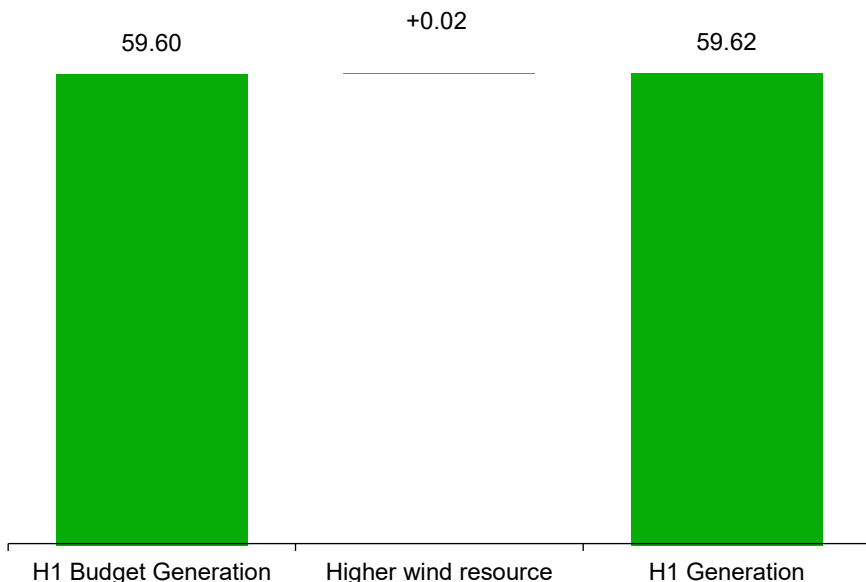
Average Wind Speed (m/s)



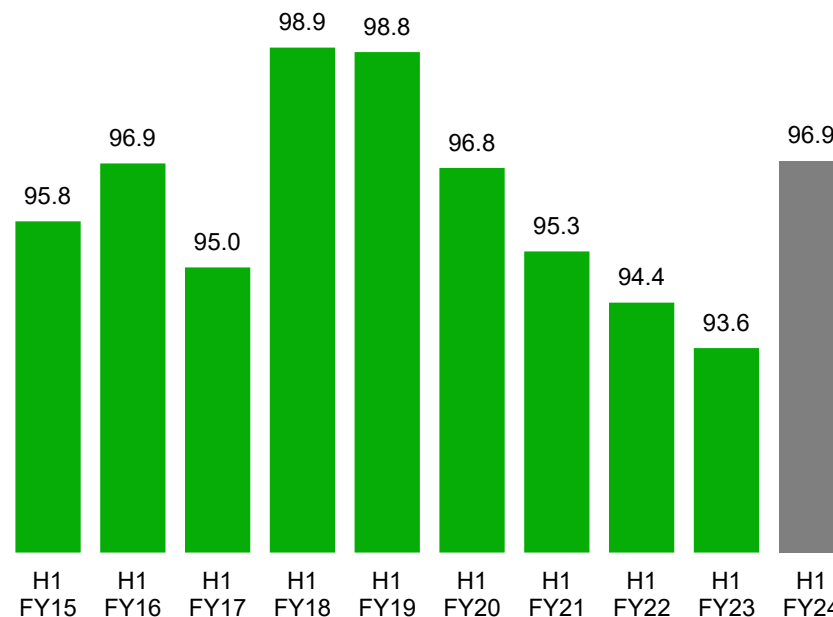
- H1 generation was **59.6 GWh** (pcp: 56.0 GWh).
- Generation is correlated to average wind speeds.
- Note the fleet size was initially **97** turbines.
- **6** turbines have been decommissioned and the operational fleet is now **91**.

Generation Waterfall Chart (GWh) and Availability (%)

Generation waterfall chart for half year ending 31 December 2023 (GWh)



Availability (%)



- Generation was **+0.02 GWh** higher than expected.

- Availability for the period was **96.9%** (pcp: 93.6%).
- The turbine manufacturers benchmark for availability is **95.0%** and the industry benchmark is **97.0%**.

Ten-year monthly GWAP spot electricity prices (\$MWh)

Ten year monthly GWAP spot electricity prices (\$MWh)

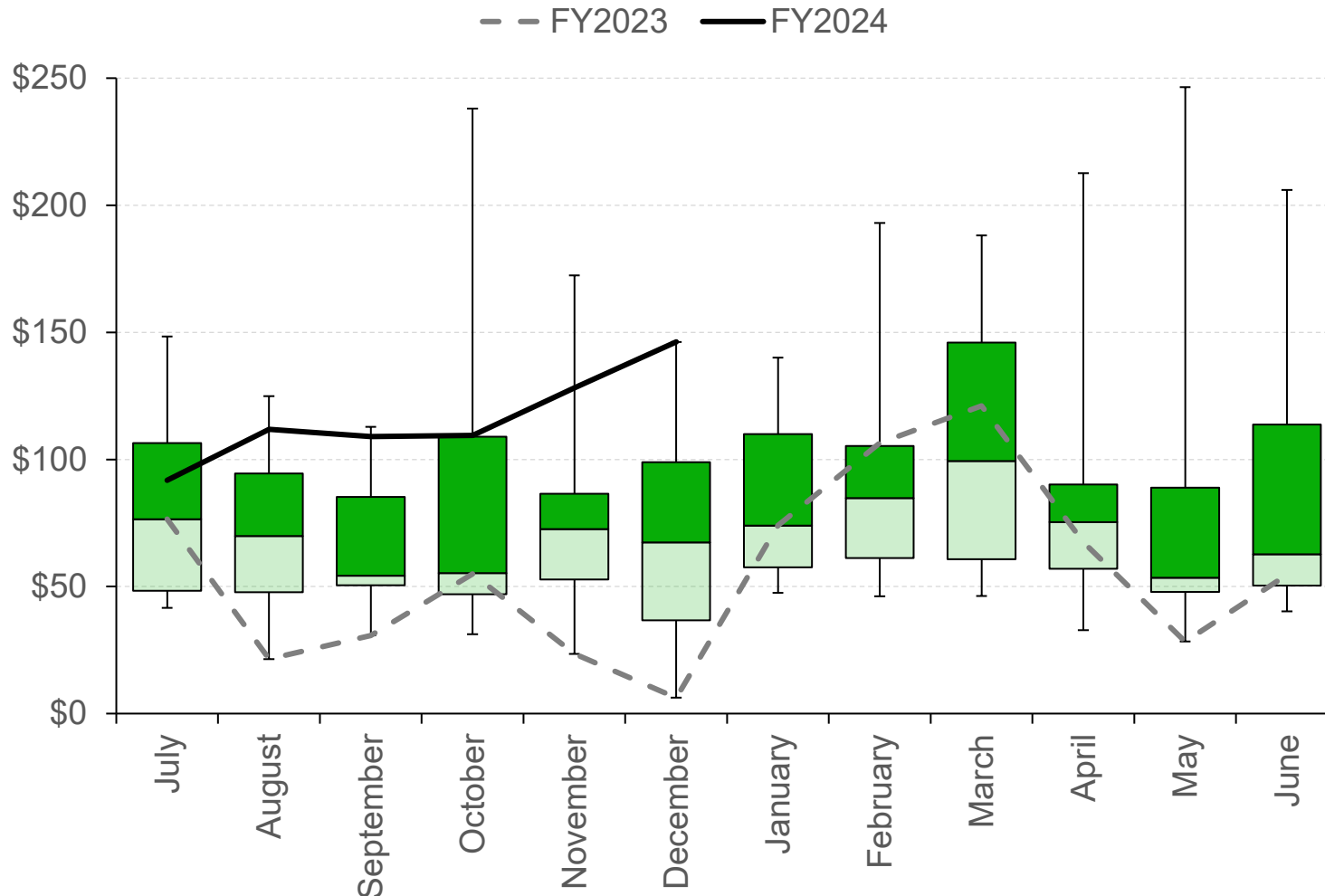


Chart Description

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).

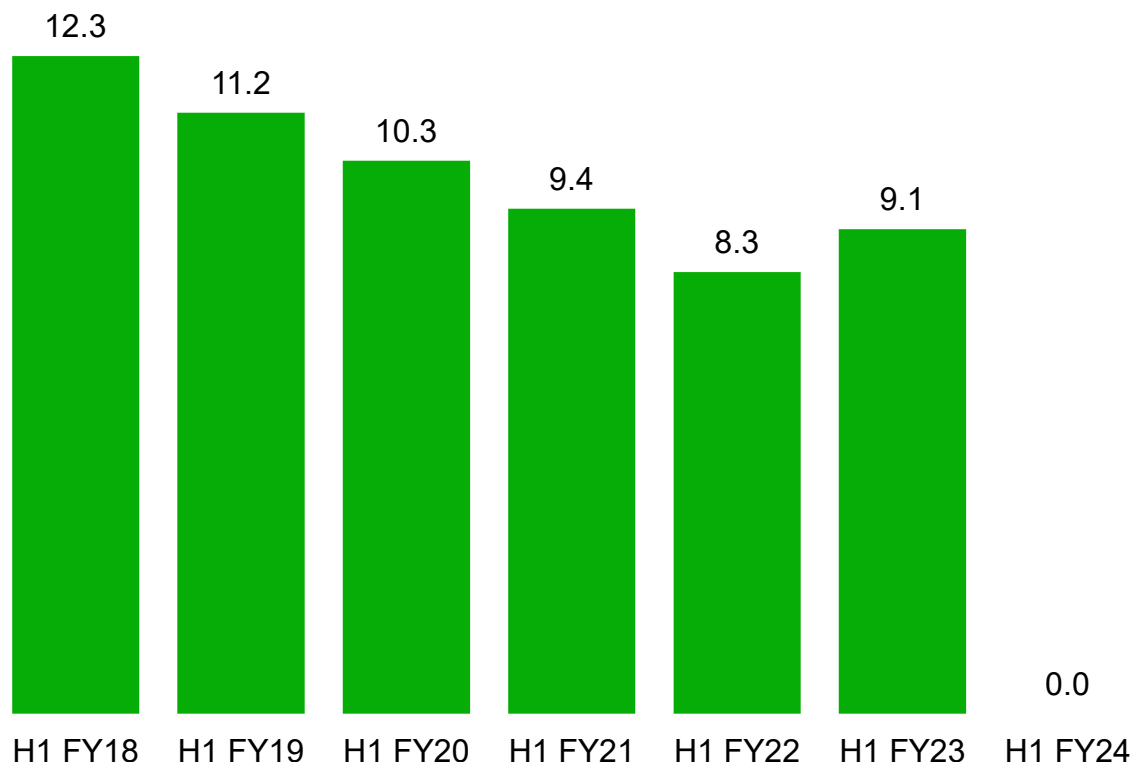
The bottom of each box denotes the 25th percentile price.

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

- As a result of higher than expected spot electricity pricing through December and November and the Company's year to date generation as at 26 February 2024, the **Board now expects FY2024 EBITDAF to be higher** moving from \$3.0m to \$4.5m to **\$4.5m to \$5.5m**.
- Guidance is provided on the basis of information available to the Board at this time and is subject to variations such as climatic and other factors.
- Forward electricity generation estimates are based on historical production volumes adjusted for relevant factors including wind speed volatility.
- Guidance will be updated prior to financial year end or sooner if a material event occurs.

- The Board **continues to review the Company's Dividend Policy** as it assesses future capital requirements to transition from managing a single wind farm **to developing a broader range of renewable energy projects.**
- With the **Repower Project's cost** projected to be between **\$500m and \$600m** and expectations of project financing covering **65% to 75%** of that amount, NZ Windfarms anticipates the need to raise **additional equity of approximately \$40m to \$75m.** Additionally, the company is **exploring new development opportunities beyond Te Rere Hau.**
- Given these factors, and despite an improved FY2024 EBITDAF forecast, complete bank debt repayment, and funds from a recent placement and rights issue, **the potential variability and scale of future capital needs are presently guiding the Board's decision-making process.** The possibility of distributing dividends now, only to potentially seek further capital from shareholders later (should a positive Final Investment Decision occur), is **deemed not in the best interest of enhancing shareholder value. Therefore, dividend distributions will continue to be suspended.**

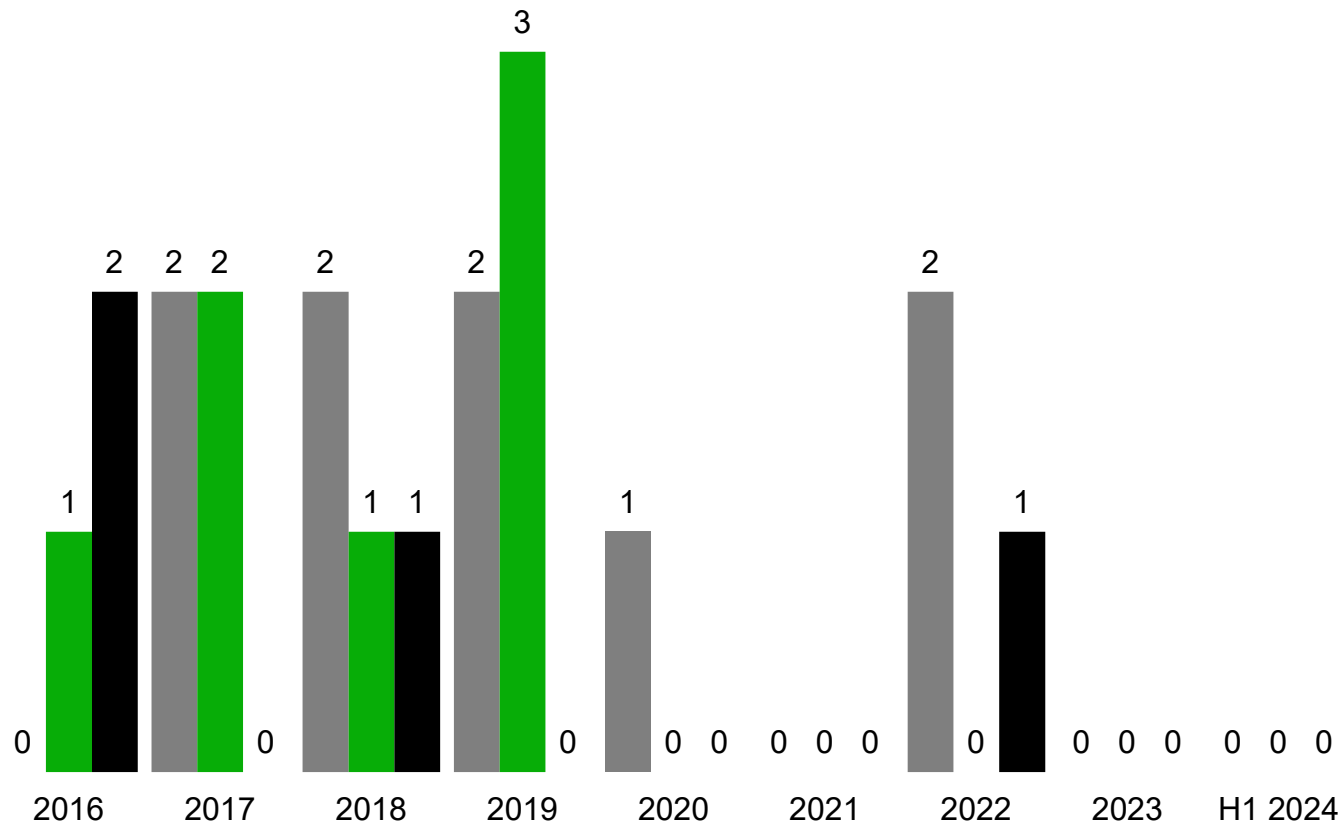
Bank Debt (Current and Non-Current \$m)



- **Total Bank Debt is zero** (pcp: \$9.1m)
- A **placement** to Meridian Energy Ltd raising **\$6.7m** followed by a **\$5.1m underwritten pro-rata renounceable rights issue** both undertaken at a **strike price of \$0.1550 per share.**
- During the period, the Company **repaid all outstanding bank debt.**
- Debt service payments will no longer be necessary.
- Management will review the Company's future bank funding requirements.
- Surplus capital raise proceeds have been placed on deposit, earmarked for operational needs and strategic growth opportunities.

Health and Safety Metrics

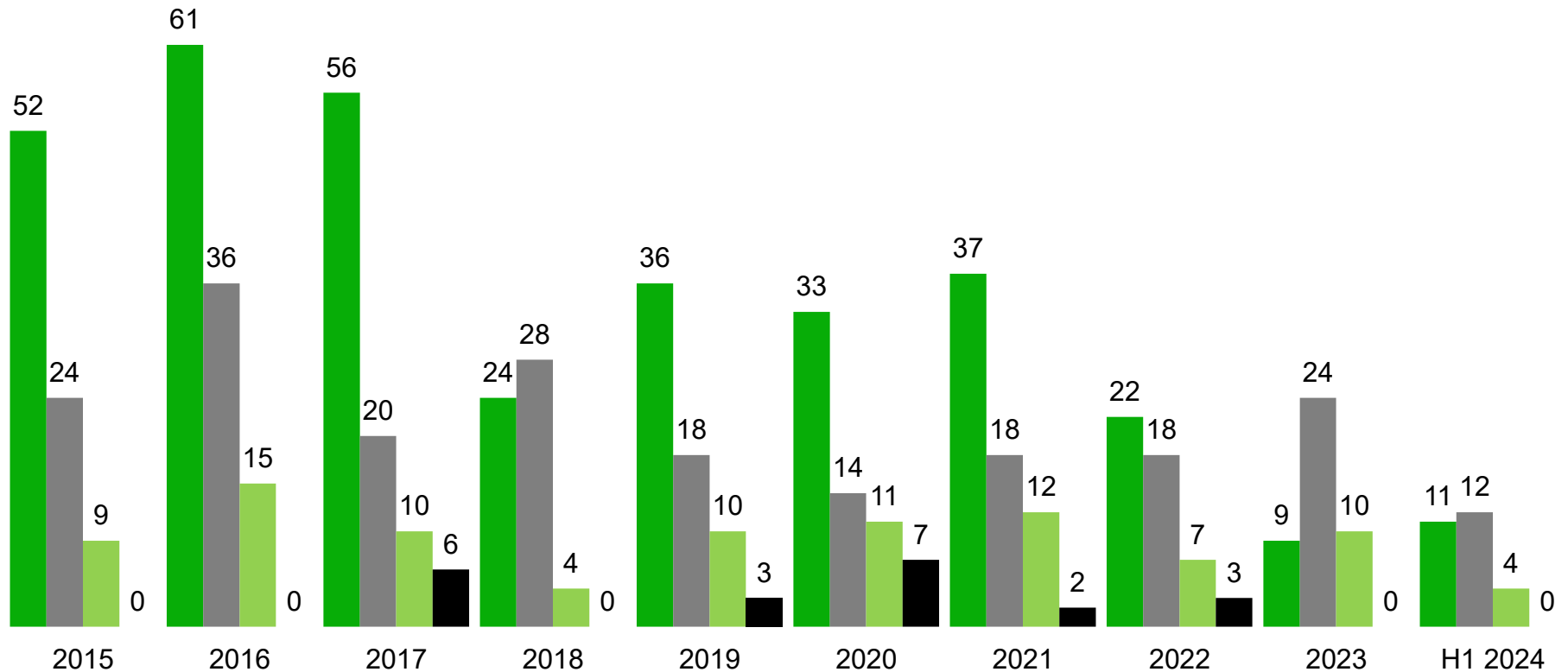
■ No treatment ■ First Aid Only ■ Lost time injuries



- **Zero Lost Time Injuries (LTI)** (pcp: Zero)
- Daily tool box meetings are undertaken, along with monthly staff health and safety meetings.
- An independent audit of the Company's health and safety procedures is conducted annually as well as maintaining **Telarc certification**.

Key Components Replaced

■ Torque Limiting Pumps Replaced ■ Pitch Bearings Replaced ■ Gearboxes Replaced ■ Generators Replaced



- Key component replacement is reaching steady state.

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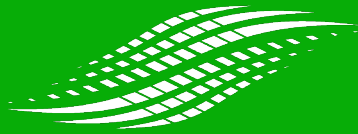
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Some non-GAAP financial measures could be used in this document and these are usually defined as footnotes. Financial information should be read in conjunction with the latest audited financial statements for the Company available at www.nzwindfarms.co.nz



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www.nzwindfarms.co.nz

Contact:
Warren Koia
Chief Executive
E: info@nzwindfarms.co.nz
P: +64 (6) 280 2773