

**29 August 2024**

**NZX Announcement**

**For immediate release**

**NZ WINDFARMS LIMITED (NZX:NWF): Strong financial performance and further positive progress on Te Rere Hau Repower Project**

### Key highlights

- Shareholder approval for Te Rere Hau repower transactions and placement
- 50:50 joint venture established with Meridian Energy for Te Rere Hau repower
- Continue to make good progress on the repower project - completing preparations to raise NWFs share of equity for the joint venture
- Expert Panel Appointed by the Environmental Protection Authority to consider Aokautere Extension Project released a decision to approve this on 26 August 2024
- Investigating new renewable energy developments separate from Te Rere Hau - agreement in principle with development partner on two major opportunities - have lodged applications for both to be listed under Schedule 2A of the new fast-track consenting bill
- Continued strong health, safety and wellbeing performance: nil recordable lost time injuries (2023: nil)
- Undertook a TOITU audit and certification around greenhouse gas emissions inventory and management

### Key Company Metrics

- Net Electricity Revenue<sup>1</sup> of \$10.8m, up 12% (2023: \$9.7m)
- Net Electricity Price GWAP of \$102.67 MWh, up 4% (2023: \$98.51 MWh)
- Generation of 105.6GWh, up 8% (2023: 98.2 GWh)
- Average wind speed of 9.3m/s, up 3% (2023: 9.0m/s)
- Availability of 96.9% (2023: 95.5%)
- EBITDAF<sup>2</sup> of \$5.4m (2023: \$4.6m) and within guidance range
- Net Profit After Tax (NPAT<sup>3</sup>) to \$0.15m (2023: - \$5.3m)
- Operating Cash Flow<sup>4</sup> of \$3.1m, down 17% (2023: \$3.7m)
- Net cash of \$0.7m and \$5.8m of term deposit investments
- \$6.9m headroom available in the BNZ committed credit facility
- Dividends remain paused to fund strategic growth workstreams

<sup>1</sup> Net Electricity Revenue = electricity sales + gain on realised derivatives – loss on realised derivatives

<sup>2</sup> EBITDAF - Earnings before interest, tax, depreciation, amortisation, fair value adjustments, non-recurring costs and share in profit/(loss) from joint ventures. 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. EBITDAF is a common measure utilised by listed companies. Please note NZ Windfarms definition may be different to others in the market. Five main adjustments are netted for EBITDAF calculation purposes to more easily compare profit or loss between financial periods; impairments, nonrecurring opex costs, a loss on disposal of PPE, unrealised gain on derivatives and share in profit/(loss) from joint ventures.

<sup>3</sup> NPAT = Net (Loss) Profit after tax. This is referred to as total comprehensive income and profit (loss) after tax in the financial statements.

<sup>4</sup> Operating cashflow is referred to as net cash inflow (outflow) from operating activities in the financial statements.

## **Financial result**

The Company achieved a solid result for the 2024 financial year. Net electricity revenue was \$10.8m, an increase of 12% over the previous financial year supported by a strong generation of 105.6 GWh (2023: 98.2 GWh).

Generation was bolstered by an average wind speed of 9.3 m/s which was higher compared to the previous period (2023: 9.0m/s). We also achieved higher availability throughout the year at 96.9% (2023: 95.5%), which is above our OEM benchmark of 95.0%, but below the industry benchmark of 97.0%. This highlights the dedication and professionalism of our site operations and maintenance team who work hard to ensure our plant is ready and available to generate to its full potential when wind conditions permit.

Our Variable Volume Fixed Price Agreements (VVFPA) helped deliver a Net Electricity Price GWAP at \$102.67 MWh (2023: \$98.51 MWh).

EBITDAF was \$5.4m up 17% on the prior year and was a strong performance for the company. Net profit after tax for the year was \$0.15m, a 103% increase from the previous year.

Total bank debt at the end of FY24 was nil (2023: \$7.6m) with \$6.9m headroom available on its cash offset facility to draw down if required.

## **Variable volume fixed price agreement**

Throughout the year we have continued to establish greater forward-looking price certainty using variable volume fixed price agreements (VVFPA). On 27 June 2024, the company announced it had agreed in principle a fixed price variable volume contract for difference (CFD) with Meridian Energy Limited for 50% of output from Te Rere Hau windfarm from October 2024 to December 2024, and 100% of output from January 2025 to March 2025.

In addition, a separate CFD has been agreed with Meridian for 100% of output for the period from April 2025 to Final Investment Decision (FID) on the Te Rere Hau repower (but no later than September 2025).

We are currently working through the process of finalising these VVFPA's at the timing of writing. Once these arrangements are confirmed, NWF will be 100% hedged through to FID.

## **Te Rere Hau Repower**

During the year, we partnered with Meridian Energy for the repowering of Te Rere Hau windfarm. The site is well recognised as being one of the best wind resources in New Zealand.

A notable aspect of the project will be the decommissioning of our existing Te Rere Hau wind farm, marking a first for New Zealand. The brownfield site offers significant advantages over a greenfield site. Most notably, it provides the ability for construction crews to begin work immediately upon financial close without the need to pioneer site access first as well as having 20 years of operational wind data.

We continue to make good progress both in terms of design and technical work, as well as preparations to raise equity for the project. We are progressing all aspects of the work required to make a fully informed final investment decision which we anticipate will be made in Q2 2025.

### **Aokautere Extension Project**

This year saw the appointment of an Expert Panel to consider our application for consent for the Aokautere Extension to the Te Rere Hau wind farm.

This application is for a further nine new turbines which are capable of delivering an additional 46 MW of installed capacity and will enable us to seamlessly integrate this project into the broader Te Rere Hau windfarm repower project.

On 26 August 2024, the Expert Consenting Panel released a decision to approve the Aokautere Extension Project.

### **Strategy update – transition to owner/operator and full-scale developer**

In FY24, the Company made considerable progress on its transition to an owner-operator and full-scale developer of renewable energy. It is investigating two high-quality major windfarm projects and has agreements in principle in place with a development partner. Applications have been lodged for both to be listed under Schedule 2A of the new fast-track consenting bill.

Negotiations are well-progressed but remain commercially in confidence. When investment decisions are made or commercial agreements reached, shareholders and the market will be updated.

### **Guidance**

Based on our EBITDAF forecast for FY25, we estimate the range to be between \$3.0m - \$5.5m.

While there are a number of factors that will determine whether FID occurs or not, for the purposes of providing guidance, the range is based on the assumption that FID occurs sometime in Q2 2025. The range also allows for the scenario where FID is not reached.

The FY25 EBITDAF guidance range is based on an annual production level of between 75 GWh and 106 GWh (depending on the exact date of FID), which is a higher confidence estimate based on a blend of annual averages. This is more conservative than the P50 AEP of 116.7GWh (91 x WF500 turbines) adopted for impairment testing purposes (refer to note 17 of the audited financial statements for the basis of this input). Shareholders can monitor actual unaudited financial year to date production data on the company's website [www.nzwindfarms.co.nz](http://www.nzwindfarms.co.nz)

Subject to commercial terms on conditional VVFPAs with Meridian, the Company is 100% hedged for FY2025 and 100% hedged through to Final Investment Decision if this is delayed into FY26 (but no later than September 2025).

The net electricity price for FY2025 is estimated at \$116.07 per MWh. This is a blend of VVFPAs prices adjusted for location and intermittency factors and weighted by monthly production estimates and hedge ratios.

Short term forward electricity prices reflect the relatively low hydro lake levels at present. Medium to long term forward electricity prices have remained elevated likely as a result of higher inputs into thermal generation and market pricing following the confirmation of Tiwai point aluminium smelter operations continuing beyond the current electricity contract end date.

EBITDAF guidance is provided on the basis of information available at this time, and may be subject to variations, including climatic and other conditions outside the Company's control. Forward electricity generation is based on a mix of recent annual averages adjusted for relevant factors. However, wind generation is inherently variable from one year to the next

### **Outlook**

We will continue to efficiently operate our existing assets, seeking to maximise returns, while we progress the repowering of Te Rere Hau and continue to develop other potential windfarm opportunities.

Assuming a successful final investment decision on Te Rere Hau repower, we anticipate exciting years ahead as we decommission our existing turbine fleet and repower with larger, more modern technology to improve the output from our world-leading wind resource site.

Our commitment is to continue to work closely with our stakeholders to make the most of these new investment opportunities, and to deliver growth in future value for all our shareholders.

For further information, contact David Prentice, Chief Executive, by phone on 06 280 2773, or by email at [info@nzwindfarms.co.nz](mailto:info@nzwindfarms.co.nz).

Craig H. Stobo  
Chair

### **About NZ Windfarms Limited**

*NZ Windfarms Ltd is a long-term specialist wind farm owner and operator, with its revenue coming from the sale of sustainably generated electricity from its Te Rere Hau wind farm.*

*The Te Rere Hau wind farm is located on North Range Road in the Tararua Ranges outside of Palmerston North. The wind farm has 91 turbines with a capacity of 45.5 MW producing enough clean energy to power about 16,000 homes, or in excess of half the households in Palmerston North. In comparison to generate the same amount of energy, a gas-fired power plant would emit roughly 64,000 tonnes of carbon dioxide, the same as an additional 23,000 cars on the road.*

*NZ Windfarms Ltd (NWF) is a public company listed on the NZ Stock Exchange. Up to date share trading information can be obtained from the NZX website.*