



  
**Wigt****n**  
**WINDFARM LTD**

Q2

INTERIM REPORT TO  
SHAREHOLDERS  
30 SEPTEMBER 2023



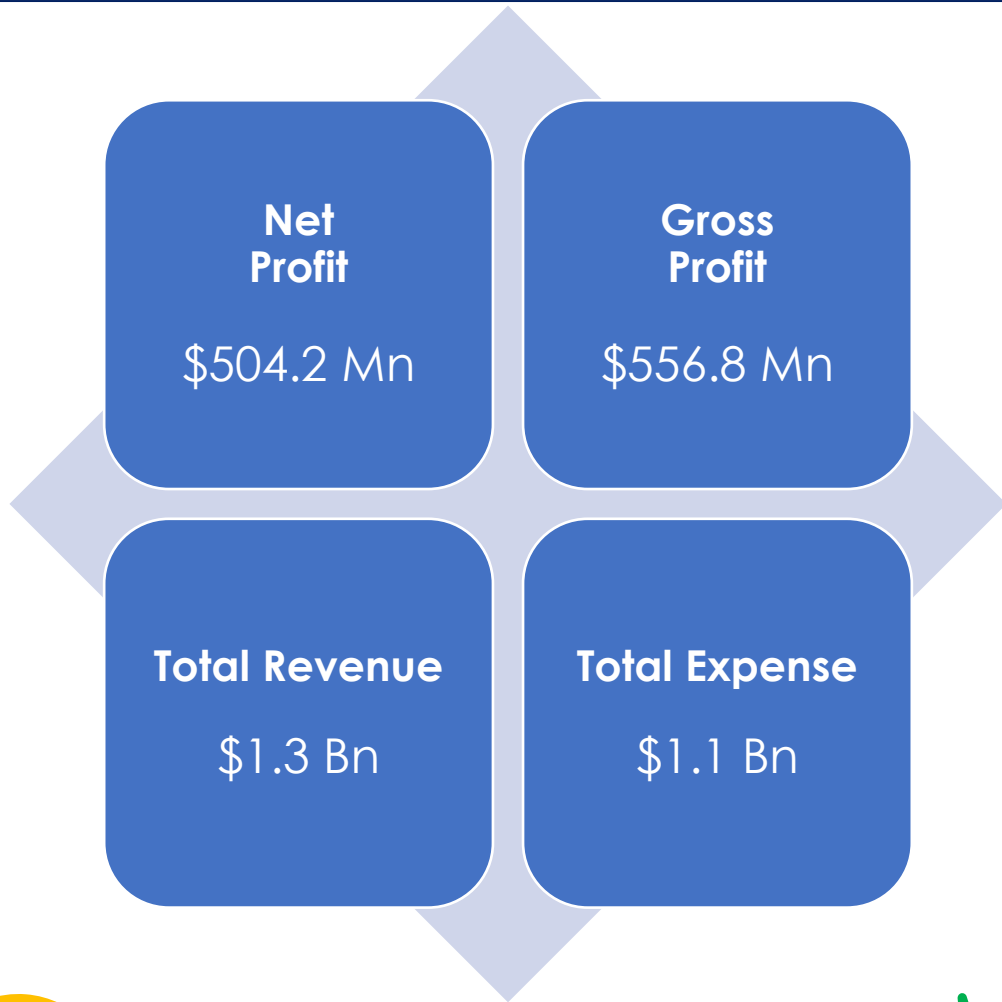
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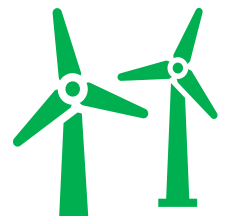


# INTERIM REPORT TO SHAREHOLDERS

## PERFORMANCE HIGHLIGHTS



68.2 GWh Produced



90.8% Average Plant Availability Rate

## INTERIM REPORT TO SHAREHOLDERS

Wigton Windfarm Limited ("Wigton" or "the Company") is pleased to present its unaudited financial results for the six months ended 30 September 2023 of the financial year ending 31 March 2024.

**TABLE 1. FINANCIAL PERFORMANCE FOR THE QUARTER ENDED 30 SEPTEMBER 2023**

Description	6 Months – April to September 2023	6 Months – April to September 2022	Change (%)
Production	68,248,153.30 kWh	89,643,505.00 kWh	(23.9)
Availability	90.80%	92.50%	(1.8)
	\$'000	\$'000	
Total Revenue	1,253,612	1,431,270	(12.4)
Cost of sales, general administrative and finance expenses and share of loss	(1,066,985)	(917,570)	(16.3)
Taxation	317,596	(123,288)	357.6
Net Profit After Tax	504,223	390,412	29.2
Earnings Per Share	0.046	0.035	31.4
	%	%	
Gross Profit Margin	52.9	68.8	(23.0)
Net Profit Margin	48	28.9	66.1

### OPERATING PERFORMANCE

During the six (6)-month period, April to September 2023, Wigton saw an increase in its net profit of \$113.8 Mn or 29.2% over the similar period last year (SPLY). The increase in net profit is primarily attributable to the adjustment of the income tax rate from the higher tax rate of 33 1/3% to 25% for the current period due to management's representation and consultation with the Tax Administration Jamaica (TAJ).



## INTERIM REPORT TO SHAREHOLDERS

On July 14, 2023, the Company received correspondence from the TAJ stating that in keeping with the Government of Jamaica's policy to facilitate growth in the renewable energy sector which includes the production of electrical energy from renewable sources, the Honourable Minister of Finance and the Public Service indicated his intention to amend the Income Tax Act to provide for a lower tax rate for Independent Power Producers (IPPs) regulated by the Office of Utilities Regulations (OUR), which generate electrical energy wholly or mainly from renewable sources for the purpose of supplying same under fixed price supply contracts. Upon enactment into law, the corporate income tax rate for such IPPs will be reduced from 33 1/3% to 25%, effective for the 2023 year of assessment.

Despite the reduction in production by 23.9% over SPLY, revenues declined by only 12.4% mainly as a result on the increase in other income.

The net earnings of the Company was boosted by other income, which increased by \$123.1 Mn or 155.7% over the SPLY mainly because of an increase in interest income and foreign exchange gains.

### **Production and Availability**

Wigton registered a decline in its production by 21.4 Mn kWh or 23.9% when compared to the SPLY. Additionally, the average plant availability was 90.8% when compared to 92.5% for the same period last year.

Wigton remains committed to mitigating the adverse effects of climate change and actively promotes environmental sustainability through its clean energy facility. Given the Government of Jamaica's recognition of the role and importance of clean energy and the reduction of Jamaica's dependence on fossil fuels by increasing electricity generation from renewable energy sources, Wigton remains resolute in its initiatives to increase its investments in clean energy.



## INTERIM REPORT TO SHAREHOLDERS

### **Revenue/Sales**

The abovementioned decrease in production resulted in a \$300.7 Mn or 22.2% year-over-year decline in sales revenue to \$1.052 Bn. Total revenues for the period amounted to \$1.253 Bn representing a \$0.178 Bn or 12.4% decrease, when compared to \$1.431 earned in the SPLY.

### **Cost and Expenses**

On a year-over-year basis, cost of sales increased by \$72.6 million or 17.2%, to \$494.8 Mn. This was due to increases in depreciation, inflationary adjustments, staff costs, and electricity. Staff costs increased because of the engagement of new staff, inflationary increase, and a 2022/2023 staff incentive. The increase in cost of sales coupled with the reduction in sales resulted in gross profit margin of 52.9%, compared to 68.8% registered in the SPLY.

General administrative expenses were \$80.8 Mn or 30.1% higher primarily as a result of an increase in inflationary adjustment to employee cost, legal and professional fees and repairs and maintenance.

Finance expense decreased by \$10.2 Mn or 4.6% as a result of the refinancing of the Bonds in March 2022 which lead to lower interest rates and quarterly principal repayments.



## INTERIM REPORT TO SHAREHOLDERS

### **ASSETS, LIABILITIES AND EQUITY**

For the reporting period, Wigton's total assets decreased by \$0.22 Bn or 2%, from \$10.95 Bn to \$10.73 Bn. Non-current assets decreased by \$462.7 Mn or 7.2% due to the depreciation of the Company's fixed assets. As was disclosed previously, negotiations are ongoing with key stakeholders to replace the Wigton Phase I equipment with new equipment. Current assets grew by \$248.4 Mn or 5.5%, as a result of the prudent management of the Company's short-term liquidity. Additionally, a tax recoverable amount of \$265.3 Mn is recognised as part of the current assets.

Wigton continues to maintain a healthy liquidity position with cash and cash equivalents of \$4.0 Bn. The Company's current ratio stands at 4.0x, which indicates maintenance of its strong financial position with sufficient liquid assets to cover all short-term financial obligations. The profitable operations year over year have strengthened the Company's balance sheet and has enhanced the Company's financial flexibility to grow the business from new initiatives being pursued. Notably, annualized return on assets improved from 7.1% in 2022 to 9.4% as at the 6-month period ended September 2023.

Total liabilities were \$5.802 Bn, a decrease of \$0.257 Bn or 4.2% when compared to the SPLY at \$6.059 Bn. The change occurred mainly because of the quarterly principal instalments repaid in respect of Bond A during the period. The Company met all its debt covenants during the period.

Shareholders' equity at the end of the period was \$4.934 Bn, an increase of \$0.043 Bn or 0.9% above the SPLY's equity of \$4.892 Bn as a result of profitable operations and the impact of the income tax adjustment stated earlier. The Company's annualized return on equity was 20.4%, compared to 16.0% for the corresponding 2022 period.

## INTERIM REPORT TO SHAREHOLDERS

**Table 2. COMPARATIVE ASSETS, LIABILITIES AND EQUITY AS AT 30 SEPTEMBER 2023 AND 2022**

Description	September 2023	September 2022	Change
	\$'000	\$'000	%
Non-current Assets	5,950,799	6,413,537	(7.2)
Current Assets	4,785,829	4,537,398	5.5
<b>Total Assets</b>	<b>10,736,628</b>	<b>10,950,935</b>	<b>(2.0)</b>
Non-current liabilities	4,594,707	5,043,535	8.9
Current liabilities	1,207,711	1,015,630	(18.9)
<b>Total liabilities</b>	<b>5,802,418</b>	<b>6,059,165</b>	4.2
<b>Equity</b>	4,934,210	4,891,770	0.9
<b>Total equities and liabilities</b>	<b>10,736,628</b>	<b>10,950,935</b>	<b>2.0</b>
<b>Return on Equity</b>	<b>20.4%</b>	<b>16.0%</b>	22.8
<b>Return on Assets</b>	<b>9.4%</b>	<b>7.1%</b>	31.0





## INTERIM REPORT TO SHAREHOLDERS

### OUTLOOK

Wigton's primary objectives are to sustain its current operations, implement new income generating assets, undertake new investments to diversify the company's revenues, and enhance its portfolio of renewable energy sources in order to bolster the provision of affordable, reliable and cleaner energy solutions. Through these efforts, the Company seeks to generate additional value for its shareholders.

The Company is geared towards diversification and increasing its mix of energy offerings. To this end, it is actively exploring business opportunities and forming partnerships to position itself as a broader energy solutions provider. The investment in Flash Holdings Limited is one such move to improve and diversify revenue streams, while remaining committed to our core objective of providing clean energy solutions to Jamaica. In this regard Wigton will continue to offer and undertake solutions in renewables, clean technology solutions, as well as pursue other investment opportunities to ensure continued increase in shareholder value. The Company is currently exploring its options to respond to the request for proposals issued on September 18, 2023, for the supply of 100MW of renewable energy to the national grid by the Generation Procurement Entity of Jamaica. Plans are also underway to commercially develop the recently acquired land at Ferry Pen, St. Andrew, with the aim of securing a profitable return on this real estate investment.

In relation to Wigton Phase I operations, the Company continues discussions with stakeholders on the repowering of the plant by installing new and more efficient wind turbines. Once completed, this modernization initiative will result in maintaining the plant's energy output and reduced maintenance costs, thereby optimizing the Company's renewable energy generation capabilities. Furthermore, it aligns with our commitment to cleaner energy solutions through the contribution of a more sustainable and environmentally friendly energy production process.

Wigton continues to align its capital allocation to its strategy. This includes making appropriate choices between increasing distributions to shareholders, investing in the business and strengthening the balance sheet of the Company.



## INTERIM REPORT TO SHAREHOLDERS

### CORPORATE SOCIAL RESPONSIBILITY

The Company continues to seek ways to positively impact its stakeholders through contributions to social development, primarily in the areas of education, crime prevention, community development and environmental preservation and protection.

Oliver W. Holmes  
Chairman

Earlington Barrett  
Managing Director

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Expressed in Jamaican dollars unless otherwise indicated)

	Quarter Ended September 2023 \$'000 Note	Quarter Ended September 2022 \$'000 Unaudited	Six Months Ended September 2023 \$'000 Unaudited	Six Months Ended September 2022 \$'000 Unaudited	March 2023 \$'000 Audited	
Sales	560,381	558,021	1,051,521	1,352,234	2,218,435	
Cost of sales	(256,185)	(217,573)	(494,752)	(422,131)	(860,330)	
<b>Gross Profit</b>	304,196	340,448	556,769	930,103	1,358,105	
Other income, net	73,342	87,992	202,091	79,036	326,367	
General administrative expenses	(193,362)	(129,187)	(349,461)	(268,708)	(619,127)	
<b>Operating Profit</b>	184,176	299,253	409,399	740,431	1,065,345	
Finance expense, net	(102,701)	(108,371)	(209,731)	(219,909)	(424,371)	
Share of net profit of joint venture	-	-	-	-	5,007	
Share of net loss of associate	(2,750)	(6,822)	(13,041)	(6,822)	(9,388)	
<b>Profit before Taxation</b>	78,725	184,060	186,627	513,700	636,593	
Income tax expense	357,126	(45,811)	317,596	(123,288)	(327,948)	
<b>Net Profit</b>	435,851	138,249	504,223	390,412	308,645	
<b>Other Comprehensive Income, net of taxes -</b>						
<b>Items that will not be reclassified to profit or loss -</b>						
<b>Changes in the fair value of equity investments at fair value through other comprehensive income</b>						
	(2,165)	(2,342)	778	(6,352)	(4,828)	
<b>Remeasurements of pension and other post-employment benefits</b>						
	-	-	-	-	5,330	
<b>Total other comprehensive income, net of taxes</b>						
	(2,165)	(2,342)	778	(6,352)	502	
<b>Total Comprehensive Income</b>	433,686	135,907	505,001	384,060	309,147	
Earning per stock unit for profit attributable to the equity holders of the Group during the year						
	4	\$0.040	\$0.013	\$0.046	\$0.035	\$0.03

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Expressed in Jamaican dollars unless otherwise indicated)

	Note	September 2023 \$'000 Unaudited	September 2022 \$'000 Unaudited	March 2023 \$'000 Audited
<b>Non-Current Assets</b>				
Property, plant and equipment		5,712,061	6,132,614	6,059,000
Investment in associate and joint venture		116,053	161,334	128,104
Rights-of-use asset		104,918	99,037	100,660
Pension plan assets		7,343	10,014	7,343
Financial assets at fair value through other comprehensive income		10,424	10,538	9,647
		<b>5,950,799</b>	<b>6,413,537</b>	<b>6,304,754</b>
<b>Current Assets</b>				
Inventories		16,859	20,909	32,591
Accounts receivable		458,617	330,023	222,744
Taxation recoverable		265,302	59,445	281,330
Cash subject to restrictions		319,576	-	311,078
Cash and cash equivalents	5	3,725,475	4,127,021	3,822,730
		<b>4,785,829</b>	<b>4,537,398</b>	<b>4,670,473</b>
<b>Current Liabilities</b>				
Accounts payable		318,097	126,762	306,465
Current portion of lease liability		19,802	19,803	19,802
Current portion of long-term liabilities		869,812	869,065	869,812
		<b>1,207,711</b>	<b>1,015,630</b>	<b>1,196,079</b>
<b>Net Current Assets</b>				
		<b>3,578,118</b>	<b>3,521,768</b>	<b>3,474,394</b>
		<b>9,528,917</b>	<b>9,935,305</b>	<b>9,779,148</b>
<b>Equity</b>				
Share capital		202,598	202,598	202,598
Retained earnings		4,731,612	4,689,172	4,226,611
		<b>4,934,210</b>	<b>4,891,770</b>	<b>4,429,209</b>
<b>Non-Current Liabilities</b>				
Capital grants		12,308	32,481	22,395
Lease liabilities		98,556	92,186	95,258
Long term liabilities	6	3,373,103	4,176,181	3,765,208
Post-employment benefit obligation		8,837	20,919	8,837
Deferred tax liabilities		1,101,903	721,768	1,458,241
		<b>4,594,707</b>	<b>5,043,535</b>	<b>5,349,939</b>
		<b>9,528,917</b>	<b>9,935,305</b>	<b>9,779,148</b>

Approved for issue by the Board of Directors on October 18, 2023 and signed on its behalf by:



Oliver W. Holmes Chairman



Earlington Barrett Managing Director

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Expressed in Jamaican dollars unless otherwise indicated)

	Number of Shares '000	Share Capital \$'000	Retained Earnings \$'000	Total Equity \$'000
<b>Balance at 1 April 2022</b>	11,000,000	202,598	4,305,112	4,507,710
Net profit	-	-	390,412	390,412
Other comprehensive income	-	-	(6,352)	(6,352)
Total comprehensive income	-	-	384,060	384,060
<b>Balance at 30 September 2022</b>	11,000,000	202,598	4,689,172	4,891,770

	Number of Shares '000	Share Capital \$'000	Retained Earnings \$'000	Total \$'000
<b>Balance at 1 April 2023</b>	11,000,000	202,598	4,226,611	4,429,209
Net profit	-	-	504,223	504,223
Other comprehensive income	-	-	778	778
Total comprehensive income	-	-	505,001	505,001
<b>Balance at 30 September 2023</b>	11,000,000	202,598	4,731,612	4,934,210

# CONSOLIDATED STATEMENT OF CASH FLOWS

(Expressed in Jamaican dollars unless otherwise indicated)

	September 2023 \$'000 Unaudited	September 2022 \$'000 Unaudited	March 2023 \$'000 Audited
Note	Unaudited	Unaudited	Audited
<b>SOURCES OF CASH:</b>			
<b>Operating Activities</b>			
Net profit	504,223	390,412	308,645
Items not affecting cash:			
Depreciation	411,624	361,050	730,757
Share in net profit of associate	13,041	6,821	9,388
Share in net profit of joint venture	-	-	(5,007)
Interest income	(103,442)	(93,968)	(206,844)
Interest expense	164,542	192,191	367,504
Interest charge on lease liability	3,294	4,131	9,169
Pension plan liability	-	-	6,554
Post-employee benefit obligation	-	-	4,064
Taxation	(317,596)	123,288	327,948
Amortisation of upfront fees	41,895	23,587	47,673
Amortisation of right of use	10,940	6,662	14,513
Amortisation of grant	(10,087)	(10,088)	(20,174)
Exchange (gain)/loss on foreign balances	(83,023)	26,729	47,010
	635,411	1,030,815	1,641,200
Change in operating assets and liabilities:			
Inventory	15,733	(8,342)	(10,028)
Accounts receivable	(236,863)	(127,933)	89,050
Accounts payable	11,631	44,035	344
	425,912	938,575	1,720,566
Contribution to retirement fund, net of benefit payment	-	-	(12,034)
Tax paid	(22,713)	(30,648)	(49,248)
Cash provided by/ (used in) operating activities	<b>403,199</b>	<b>907,927</b>	<b>1,659,284</b>
<b>Financing Activities</b>			
Loans repaid	(434,000)	(434,000)	(868,000)
Lease paid during the year	(14,027)	-	(21,204)
Additional loans proceeds received during the year	-	-	161,758
Interest paid	(164,542)	(192,191)	(385,503)
Dividend paid	-	-	(60,005)
Cash used in financing activities	<b>(612,569)</b>	<b>(626,191)</b>	<b>(1,172,954)</b>
<b>Investing Activities</b>			
Purchase of property, plant and equipment	(64,685)	(148,710)	(347,174)
Acquisition of investment in Joint venture	-	(30,664)	(30,664)
Proceeds from return of investment in joint venture	-	-	35,671
Cash received from contract and placed on restricted deposit	-	-	(201,178)
Payment for performance bond and placed on restricted deposit	-	-	(109,900)
Interest received	103,442	71,162	206,844
Cash used in investing activities	<b>38,757</b>	<b>(108,212)</b>	<b>(446,401)</b>
(Decrease)/increase in cash and cash equivalents	<b>(170,613)</b>	<b>173,524</b>	<b>39,929</b>
Exchange gains on cash and cash equivalents	73,358	(26,729)	(47,134)
Cash and cash equivalents at beginning of year	3,822,730	3,980,226	3,829,935
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>	<b>3,725,475</b>	<b>4,127,021</b>	<b>3,822,730</b>



# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Jamaican dollars unless otherwise indicated)

## 1. Identification and Activities

Wigton is incorporated and domiciled in Jamaica. The Company was incorporated on 12 April 2000. It was formerly a wholly owned subsidiary of the Petroleum Corporation of Jamaica. On 22 May 2019, the Company became a publicly listed entity on the Jamaica Stock Exchange's Main Market. The principal activity of the Company is the generation and sale of electricity from wind technology, with its registered office located at 36 Trafalgar Road, Kingston 10, St. Andrew.

## 2. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the quarters presented, unless otherwise stated.

### (a) Basis of preparation

These financial statements have been prepared in accordance with and comply with IFRS and have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Although these estimates are based on managements' best knowledge of current events and action, actual results could differ from those estimates.

## 3. Property, plant and equipment and depreciation

All property, plant and equipment are recorded at cost less accumulated depreciation. Depreciation is calculated on the straight-line basis to write off the cost of each such property, plant and equipment, to its residual value over its estimated useful life as follows:

Plant	20 years
Computers	5 years
Service equipment	20 years
Furniture, fixtures and equipment	10 years
Motor vehicles	5 years
Training lab	20 years

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Jamaican dollars unless otherwise indicated)

### 4. Earnings per share

Earnings per share is calculated on net profit and is based on the weighted average number of ordinary shares in issue during the periods.

	<b>Six Months Ended September 2023 \$'000</b>	<b>Six Months Ended September 2022 \$,000</b>
Net profit attributable to ordinary shareholders	<u>504,223</u>	<u>390,412</u>
Weighted average number of ordinary shares in issue	<u>11,000,000,000</u>	<u>11,000,000,000</u>
Basic earnings per stock unit	<u>\$0.046</u>	<u>\$0.035</u>

### 5. Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise of cash at bank and cash in hand, deposits held at call with banks and investments in money market instruments with original maturities of 90 days or less.

	<b>Six Months Ended September 2023 \$'000</b>	<b>Six Months Ended September 2022 \$,000</b>
Cash at bank and cash in hand	80,041	8,172
Short term deposits	1,792,404	991,329
Resale Agreement	1,853,030	3,127,520
Restricted Cash	319,576	-
	<u>4,045,051</u>	<u>4,127,021</u>



# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Jamaican dollars unless otherwise indicated)

## 6. Long Term Liabilities

In March 2022, the outstanding bonds B, C and D were restated to Bond A and B, subject to new terms and conditions summarised below:

	<b>Six Months Ended September 2023 \$'000</b>	<b>Six Months Ended September 2022 \$'000</b>
(i) Senior Secured Bonds:		
Series A – Restated	2,597,996	3,472,899
Series B – Restated	1,899,990	1,765,506
Unamortised upfront fees on loan	<u>(256,883)</u>	<u>(194,224)</u>
	4,241,103	5,044,181
Add: Interest Payable	<u>1,812</u>	<u>1,065</u>
	4,242,915	5,045,246
Less: Current portion	<u>(869,812)</u>	<u>(869,065)</u>
	<u>3,373,103</u>	<u>4,176,181</u>

## SHAREHOLDINGS OF TOP TEN (10) SHAREHOLDERS, DIRECTORS AND SENIOR OFFICERS AS OF 30 SEPTEMBER 2023

### Ten (10) Largest Shareholders as at September 30, 2023

	Name of Shareholder	Units	Percentage
1	Mayberry Jamaican Equities Limited	1,100,000,000	10.0000%
2	Victoria Mutual Building Society	1,085,842,307	9.8713%
3	National Insurance Fund	706,797,283	6.4254%
4	ATL Group Pension Fund Trustees NOM Limited	598,872,710	5.4443%
5	Sagicor Investments Jamaica- Account #1388842	490,192,711	4.4563%
6	Geoffrey Forde	268,470,237	2.4406%
7	PAM - Pooled Equity Fund	265,393,694	2.4127%
8	Sagicor Equity Fund	111,782,470	1.0162%
9	Mayberry Investments Ltd. Pension Scheme	99,708,880	0.9064%
10	MF&G Asset Management Limited-Jamaica Investment Fund	79,939,436	0.7267%

### Shareholdings of Directors and their Connected Parties as at September 30, 2023

Director	Shareholding	Connected Parties' Shareholding	Total
Oliver Holmes	-	1,000,000	1,000,000
Earlington Barrett	2,000,000	-	2,000,000
Nigel Davy	-	1,940,000	1,940,000
Dennis Chung	2,500,000	-	2,500,000
Jacqueline Stewart Lechler	11,252,269	8,730,000	19,982,269
M Georgia Gibson Henlin	-	600,000	600,000
Hugh Johnson	-	-	-
Omar Azan	-	-	-
Dan Theoc	14,012,000	-	14,012,000
Mariame McIntosh Robinson	-	-	-

### Shareholdings of Senior Officers and their Connected Parties as at September 30, 2023

Shareholdings of Senior Executives	Direct	Connected Parties	Total
Earlington Barrett	2,000,000	-	2,000,000
Michelle Chin Lenn	800,000	-	800,000
Shaun Treasure	200,000	200,000	400,000
Shaneek Clacken	-	-	-