



NZX and Media Statement

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Windflow to Downsize and Close Christchurch Factory

Two weeks ago Windflow released its Preliminary Annual Report including the announcement that the decision has been taken to close the factory in Christchurch. In addition, the report outlined a proposal to trim the Company down to minimum staff numbers required to support the operation of the Windflow turbines installed in the UK and any other revenue-generating activities, such as supporting the US prototype of the Class 2 turbine in Texas.

The Company has now completed consultation with its staff and is proceeding with redundancies affecting two-thirds of its staff. Full-time equivalent staff numbers are reducing from 14.4 to 4.8, with most redundancies taking effect on October 20th.

Company founder and director Geoff Henderson will be vacating the CEO role as part of this redundancy process, effective at the end of December. He will remain as a director, and will be available to continue his association in a consulting role in 2018, depending on the future plans of the company around business development, capital raising and licensing of intellectual property.

It is intended that the Company continue as a going concern with a small engineering team, primarily focussed on managing the operation and maintenance of the eight turbines it has installed in the UK, six of which continue to be owned by Windflow UK. Windflow UK is presently a Windflow subsidiary. As announced on 28 June 2017, it is separately proposed that Windflow UK's assets will be sold to David Iles in exchange for forgiveness of \$23 million of debt. This will restructure the Group's balance sheet to give it positive equity and a financially stable position.

The Company also intends to address licensing and other opportunities, for its proven 0.5 MW turbines and for its patented synchronous power-train (TLG/LVS system) for multi-megawatt turbines, as they arise.

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