

NEXIA CORPORATE CONSULTANTS (PVT) LTD.

(PV 106)

Corporate Secretaries & Management Consultants

18th May 2022

Mr. Renuke Wijewardhane

Chief Regulatory Officer,

Colombo Stock Exchange,

No. 4-1, West Block, Word Trade Centre, Echelon Square, Colombo 1.

Dear Sir,

WINDFORCE PLC - CORPORATE DISCLOSURE UNDER SECTION 8.1 OF THE LISTING RULES

COST ESCALATION OF THE WIND POWER PLANT PROJECT IN MANNAR 10MW + 5MW

We refer to the Item 1.2 (Objectives of the Issue) of the Prospectus of the Initial Public Offering of the Company dated 1st March 2021, wherein it was stated that the total project cost would amount to LKR 3,090,000,000 for the 10MW+ 5MW Wind Plant in Mannar. The company wishes to state that due to sudden increases in raw material prices in the global market and the devaluation of the Sri Lankan Rupee, the estimated cost of the project has increased from LKR 3,090,000,000 to LKR 6,653,000,000. As a result, the equity infusion for the project from the company's IPO funds would increase from LKR 927,000,000 to LKR 1,663,000,000 with an expected change in Debt Equity ratio from 70:30 to 75:25.

However, as the Power Purchase Agreement (PPA) is yet to be signed, there is expected to be an upward tariff rate revision adjusted to the USD at the indicative LKR/USD rate published by the Central Bank of Sri Lanka (CBSL), seven (07) working days prior to the signing of the PPA. As a result of the tariff revision, the project will likely see an increase in the Equity IRR to 17.1% with a Project IRR of 14% and a WACC at 13.1%.

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Directors : Mrs. C. R. Weragala ACIS (U.K), Mrs. S. K. Piyasena B.Sc

The additional LKR 736 million required will be obtained through a mix of funding using the Company's own reserves as well as the unutilised IPO funds from two projects (identified in the last quarterly report published by the Company to under Note 7), i.e., EOI Hambanthota and Tororo Phase II. The funding mix would be as follows; LKR 119 million and LKR 617 million, respectively. These two projects will be put on hold to prioritise the funding of the 10MW + 5MW Mannar WPP.

Shareholder ratification for the deviations pertaining to the IPO fund utilisation will be obtained at the next immediate General Meeting of the Company.

COST ESCALATION OF THE SOLAR POWER PLANT AND BATTERY ENERGY STORAGE SYSTEM (BESS) IN SENEGAL - 30MW AND 7.5MW AND THE UPDATE ON THE NEGOTIATIONS WITH THE PARTIES

With reference to the 30MW Solar and 7.5MW BESS in Senegal stated in the Prospectus under Item 1.2 (Objective of the Issue), the Company was unable to commence the project in Q3 2021 as projected, due to significant cost escalations in the solar industry and the project conditions becoming unattractive as stated in Note 7 in the last quarterly report published by the company. However, recent discussions with the Senegal utility are showing progress as both parties are negotiating terms to set a beneficial tariff rate to reflect the escalation in the investment.

By Order of the Board of WindForce PLC

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Nexia Corporate Consultants (Private) Limited
Secretaries to Windforce PLC