

FUTURE MOBILITY SOLUTIONS INTERIM RESULT ANNOUNCEMENT

SEPTEMBER 2018

The Directors of Future Mobility Solutions are pleased to report the following results for the six-month period ended 30 September 2018:

- Revenue of \$27.5m, an increase of \$15.2m OR 123% over the prior corresponding period ("PCP")
- EBITDA of \$0.4m compared to \$0.5m in the PCP
- A Comprehensive Loss of \$2.7m up from a loss of \$0.56m in the PCP

The period includes the results of all FMS acquisitions for the full six-months and accounts for any fair value working capital adjustments for Sillinger S.A.S. and Lancer Industries due under the 12-month provisional value clause in their acquisition agreements. Willard Marine remains in its 12-month provisional reporting period till February 14th, 2019.

REVENUE

Revenue grew by 120% compared to the same period last year, most of which can be attributed to the inclusion of acquired entities results for the full six-month period for the first time, with the vast majority of the acquired revenue growth coming from Sillinger S.A.S. and Willard Marine.

Sealegs Group revenue grew organically by 22% compared to the PCP, or if including acquired businesses, by 26% (\$2.74m) from sales of \$10.5m.

REVENUE BY ENTITY

The Group's total revenue by entity for the six months ending 30 September 2018 is as follows:

Entity (NZ\$ 000's)	2018 Six months ending 30 Sept.	2017 Six months ending 30 Sept.
Sealegs Group	\$13,211	\$10,497
Willard Marine	\$8,525	
Sillinger S.A.S.	\$5,593	\$1,826
TOTAL	\$27,502	\$12,323

Sealegs Group consists of Sealegs International Ltd, Sealegs (US) Corporation, Sealegs Europe S.A.S and Lancer Industries Ltd.

GROSS MARGIN

With the growth in revenue, the Group also reported a correlating 128% improvement in gross margin from \$3.458k to \$7,906k, or 29% of total revenue. The Group continues to see the potential in growing its consolidated margin as both the product and customer mix continues to evolve.

EBITDA, FOREIGN EXCHANGE AND FINANCE COSTS

EBITDA for the Group was down 20% from \$0.5m to \$0.4m. This decrease was primarily due to the timing and delivery of US Navy contracts by Willard, but the Board expects to see an improvement in the coming six months.

Below the EBITDA line, the Group recorded a foreign exchange loss on US Dollar-denominated debt of \$830k, and a negative movement in the foreign currency translation reserve of \$609k. This was due to a weakening of the New Zealand Dollar against the US Dollar, with the rate falling from .7243 at March 31st 2018 to .6617 at September 30 2018. Most of this foreign exchange loss remains unrealised and at the time of writing, the exchange rate had recovered slightly, reducing the year to date impact.

In addition, net financing costs shown below EBITDA amount to a total of \$509k expense (up from \$19k for the PCP), \$296k of which relates to the unwinding of the deferred consideration for the Willard Marine acquisition, with most of the remaining \$213k relating to interest on bank and shareholder loans (further detail can be found in notes 6 and 7 of the financial statements).

LOOKING FORWARD

The Directors are delighted with the Group's new brands and anticipate that their already strong customer base will continue to expand and deepen. The Group's forward order books now provide more certainty over the Group's future revenue streams with the greater mix of professional, governmental and military customers offsetting the predominantly recreational customers of Sealegs.

FMS is now positioned to significantly increase its revenues and profitability. This is possible through greater international infrastructure, a wider range of products, and more international distribution channels. We would like to take this opportunity to thank the members of the Board, employees, customers, shareholders and commercial partners for their continued support and commitment to the success of the company.

For further information please contact:

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