28 June 2021

Market Announcement

For immediate release

Wellington raises 2021 guidance

Wellington Drive Technologies ("Wellington") is pleased to provide updated guidance for FY2021.

Wellington is experiencing strong customer demand reflecting both new customer wins over the last 18 months, initial revenue from recent new product launches and a strengthening global economy. Wellington is now forecasting US$ revenue in the range of US$45m to US$50m, up from the previous range of US$41m to US$46m, and subject to component supply chain risks.

Before deducting non-recurring charges (see below), Wellington expects underlying EBITDA earnings to be in the range of NZ$3.5m to NZ$4.5m, up from the previous range of NZ$2.5m to NZ$3m.

The non-recurring charges are as follows.

- The forecast includes increased Connect™ SCS controller volumes. Should these forecast volumes be achieved, the issue of further shares to the vendors of the iProximity business will be triggered pursuant to performance targets agreed for that acquisition. The fair value of that contingent consideration is forecast to impact the year and the H1 EBITDA result by approximately NZ$300,000.
- The Board committed to staff in 2020 that if profits are available it would seek to compensate them for their 2020 COVID salary sacrifice reductions. Any compensation would be at the discretion of the Board, which has now agreed a special payment to staff in September of approximately $400,000, being around one third of the amount sacrificed. Only staff employed at the time the payment is made will be eligible. This charge will be recognised in the H1 EBITDA.
- Subject to trading performance for the year, the Board may, at its discretion, make further special payments in December 2021 and March 2022 to staff employed at these dates in recognition of their salary sacrifice.

The recognition of the iProximity contingent consideration and September special payment will have an impact of approximately NZ$0.7m against the underlying full year EBITDA and pre-tax result, reducing underlying EBITDA guidance above to an EBITDA range of NZ$2.8m to NZ$3.7m. At the bottom end of this range, the company would record a modest pre-tax profit.

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This forecast remains subject to the higher than usual level of risk that prevails in the current global environment, in particular for unexpected cost increases and unanticipated disruptions to supply. Suppliers are reporting an inability to supply some critical electronic components, despite confirmed purchase orders. Wellington's supply chain team has done well so far this year to secure components, especially with the significant unforecast increase in customer demand, and will continue to work to avoid supply disruption over the forecast period. We do not want to disappoint customers.

The forecast assumes a NZ$/US$ exchange rate of US$0.70 for the second half of FY2021.

Q2 2021 revenue is forecast to be consistent with previous guidance of around US$12m, compared to US$2.9m in Q2 2020, which was the quarter most significantly impacted by COVID-19.

Wellington's cash outlook is also looking strong. While month end net cash can fluctuate due to customer mix and timing as well as inventory levels, Wellington is currently forecasting to finish 2021 with net cash of around NZ$5m with a further NZ$1.9m of undrawn bank facility.

About Wellington Drive Technologies

Wellington is a leading provider of IoT solutions, cloud-based fleet management platforms, energy-efficient electronic motors and connected refrigeration control solutions. It serves some of the world's leading food and beverage brands and refrigerator manufacturers and offers proximity-based marketing for Smart Cities to the Australian market. Wellington's services and products improve sales, decrease costs and reduce energy consumption. Headquartered in Auckland with a global reach, Wellington is listed on the New Zealand stock exchange under the ticker symbol NZ:WDT

For further information visit **www.wdtl.com**

EBITDA[1] (i.e. Earnings before interest, taxation, depreciation, amortisation and impairment) is a non- GAAP earnings figure that equity analysts tend to focus on for comparable company performance analysis. Wellington considers that it is a useful financial indicator because it avoids the distortions caused by differences in amortisation and impairment policies.

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