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For immediate release

Wellington Drive signals FY guidance towards the top end of range

Wellington Drive Technologies, a leading provider of Internet of Things (IoT) solutions and energy-efficient motors to the retail food and beverage industry, is releasing its half-year results for the six months ending 30 June 2022.

- H1 FY22 Revenue: \$31.9 million, up 4.4% on H1 FY21
- H1 FY22 EBITDA: -\$0.6 million, down from \$1.8m in H1 FY21
- H1 FY22 Pre-tax result -\$1.9 million, compared to +\$0.6 million in H1 FY21
- Full-year guidance reconfirmed at EBITDA \$3.5 – \$4.5 million

Since the beginning of the financial year, the company has experienced ongoing supply issues due to global electronic component shortages, resulting in increased input and shipping costs, and shipping constraints.

Despite this impact, the company achieved 4.4% revenue growth during the first half of FY22, compared to the same period last year. The company has also made several decisions to protect itself from further supply chain challenges and is reconfirming its full-year guidance.

H1 FY22 Business highlights include:

- Shipped 276,000 Connect™ SCS controllers, an 18% increase on H1 FY21, and shipped 18,000 of the recently launched Connect™ Monitor, an innovative retrofittable battery-powered, multi-sensor device
- Invoiced \$2.8m for Cloud data connection and software development charges, a 102.3% increase on the same time last year
- Secured a Net Promotor Score (NPS) of +40, outperforming the benchmark for New Zealand B2B industrial companies of +25
- Developed a new brand, AoFrio, which will launch in Q4 2022, to better articulate the company's value to customers around the world.

Gottfried Pausch, Chairman of Wellington Drive says, "Given the supply constraints the Company faced, we consider this a solid performance.

"Since the beginning of the financial year, demand has outstripped supply on almost all fronts, and we deliberately decided to protect revenue and customer experience for the long term.

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“This meant we incurred additional costs, for air freight and spot purchase of components. But our recent industry-leading NPS of +40 demonstrates that the customer team has done an excellent job managing these challenging times with customers.

“We’re firmly focused on growth for the long term, and whilst supply chain challenges have impacted our bottom line during H1 FY22, we are on track for a strong second half – and an even stronger FY23,” says Mr Pausch.

During the first half of FY22, the company incurred higher salary costs to retain key staff in the current environment. Most engineering time was spent on component swap-out work at the expense of capitalisable new product development. The company also incurred a cost premium of \$0.6m due to spot purchases of componentry.

Outlook

Wellington Drive CEO, Greg Balla says the team have a clear strategy to become a global hardware-enabled, full-service SaaS company.

“In response to our H1 challenges, we have recalibrated many aspects of our business to set ourselves up for a strong H2 FY22.

“We think we are through the worst of the supply chain challenges. Customer demand continues to be strong, and the changes we have already made are starting to deliver results.

“During the second half of the year, we will benefit from our investment in redesigns of alternative components to allow variations of the same products to be built. We have also increased the volume of components on hand to ensure we can deliver against forecast demand in the back end of FY22,” says Mr Balla.

During the final quarter of the year, the company will rebrand completely as AoFrio and deliver a marketing program to articulate the value the company adds to customers around the world.

As a result of the outlook for H2 22 and H1 22 performance, the Board and executive team are pleased to reconfirm guidance and expect annual EBITDA to fall within \$3.5 – \$4.5 million. Wellington Drive expects three very large revenue months in the last quarter and, if successful, will be towards the top end of its guidance.

Authorised by:

Board of Directors of Wellington Drive Technologies



About Wellington Drive Technologies:

Wellington is a leading provider of IoT solutions, cloud-based fleet management platforms, proximity marketing solutions, 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 solutions for global food and beverage brands as well as Smart City projects in the Australian market. Wellington's products and services 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

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