



28 October 2021

Market Announcement

For immediate release

Wellington Drive Technologies performs strongly in Q3-2021

Wellington Drive Technologies (Wellington and the Company), a leading provider of Internet of Things (IoT) solutions and energy efficient motors to the retail food and beverage industry, is pleased to update shareholders and the market generally on its latest trading results for the three months ended 30 September 2021 (Q3-2021).

- Revenue was \$15.3m compared to \$6.0m for the same period in 2020 (Q3-2020).
- US\$ invoicing, which is a better indicator of activity, was US\$11.1m compared to US\$3.8m in Q3-2020, a year-on-year gain of 190%.
- Gross Margin was 27.8% which is consistent with 2020 and constrained by significantly higher freight and componentry charges.
- EBITDA was \$0.8m, an increase of \$0.9m compared to Q3-2020.
- Cash on 30 September was \$6.3m and the Company had \$2.4m available under its trade finance facility.

This is a strong performance for the third quarter in a challenging environment. The company continued to deal with the implications of the COVID outbreak and the global shortage of electronic components. Our supply chain and regional sales team have done a fantastic job to mitigate, where possible, the impact. These included a 5-week factory shutdown from our manufacturing source in Vietnam, the short supply and price increases of microprocessors and other components.

For FY2021 to date, the Company achieved an EBITDA surplus of \$2.65m and a pre-tax net profit of \$0.66m. This result includes a \$0.20m expense arising from a change in fair value of the contingent consideration payable for the acquisition of iProximity (last year a \$0.74m gain) and a \$0.38m expense for the part repayment to staff of 2020 salary reductions. If these one-off charges are excluded, underlying EBITDA for the nine months to 30 September 2021 was \$3.22m, a \$2.88m increase over the same period last year and the underlying pre-tax profit was \$1.23m, a \$3.44m increase.

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Financial metrics for the nine months ended 30 September 2021:

	2021	2020	Change
Revenue	\$45.9m	\$26.5m	+72.9%
<i>Wellington Connect IoT Revenue</i>	<i>\$18.9m</i>	<i>\$9.2m</i>	<i>+105.4%</i>
<i>ECR2 motor revenue</i>	<i>\$19.6m</i>	<i>\$11.4m</i>	<i>+71.9%</i>
<i>ECR legacy motor revenue</i>	<i>\$6.5m</i>	<i>\$5.1m</i>	<i>+27.4%</i>
Gross profit	\$13.1m	\$7.9m	+65.9%
Gross margin %	28.6%	29.8%	-1.2%
EBITDA reported	\$2.65m	\$1.07m	+146.8%
EBITDA before one-off items	\$3.22m	\$0.34m	+861.5%
EBIT reported	\$0.80m	-\$1.13m	+\$1.94m
EBIT before one-off items	\$1.38m	-\$1.88m	+\$3.26m
Profit before taxation	\$0.66m	-\$1.47m	+\$2.13m
Profit before taxation and one-off items	\$1.23m	-\$2.21	+\$3.44m

Customer demand is buoyant. As noted, the Company is managing through a tight labour market, electronic component shortages, increased input costs, constraints on shipping, increased shipping costs and reduced capacity in the production line in Vietnam due to a COVID-19 restrictions on the labour force.

Notwithstanding these ongoing challenges, the Company is maintaining its full year 2021 guidance of US\$ invoicing in the range of US\$45m to US\$50m and EBITDA earnings to be in the range of NZ\$3.5m to NZ\$4.5m before deduction of non-recurring charges. The Company's revenue would have been higher than that forecast but for the operating constraints outlined above.

CEO Greg Balla commented, "I really want to thank our team, and our partners, for this strong result. It has been their absolute commitment to the customer that has allowed us to find innovative solutions to the many supply challenges caused by COVID-19 and the global electronic component shortages. We are continuing to see very strong demand for our products and our cloud connect IOT platform that brings the products to life and provides the high value insights our customers need. Our new solutions Connect™ Monitor and Connect™ Network (to be launched in November) significantly improve the ability of our customers to leverage the platform, allowing customers to retrofit their existing fleet and gain insights in real time. It is an exciting time for Wellington as we push for a record year."

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 (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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