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Market Release

For immediate release

Wellington creates platform for growth - Revenue up 74%

Wellington Drive Technologies Limited (Wellington), a leading provider of Internet of Things (IoT) solutions and energy-efficient motors to the retail food and beverage industry, today released its fully audited financial statements for the year ended 31 December 2021. The 2021 Annual Report can be found on the Company's web site at <https://www.wdtl.com/investors/financial-results-and-reports>.

The result is consistent with guidance provided on 15 December 2021.

2021 revenue was \$64.2m, a 74.1% increase over 2020 a COVID-affected year. FY21 revenue grew 4% above the FY19 pre-COVID year, even though FY21 was impacted by COVID with factory closures and supply chain constraints.

Gross margin was 27.8% for FY21 compared to 28.6% for FY20. To support the increased demand from customers and to manage significant supply chain disruption we bought some component parts on the spot market, when they were not available from regular suppliers, costing an additional \$1.1m. This, along with higher shipping costs, could not always be passed on and caused some reduction in gross margin this year. We expect this position to continue into FY22.

Operating costs increased from \$11.5m to \$15.1m, reflecting the restoration of normal remuneration, increased salary levels to assist retention and additional investment to support business growth. The cost in FY21 also included the repayment of voluntary staff salary reductions in 2020 amounting to \$1.1m.

EBITDA increased from \$1.2m to \$2.6m although the improvement in underlying earnings is not immediately apparent in these numbers. EBITDA in FY20 benefited from voluntary staff salary reductions, government wage support payments amounting to \$1.1m and a \$1.0m non-cash income relating to the iPX earn out. EBITDA in FY21 is after repayment to the staff of the 2020 salary reductions and an \$0.3m non-cash charge relating to the iPX earn out.

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Underlying EBITDA after adjusting for these non-recurring items was a \$6.1m improvement over FY20.

	\$000	
	2021	2020
EBITDA as reported	2,626	1,190
FY20 voluntary staff salary reductions repaid in FY21	1,109	(1,109)
Government wage support paid	(15)	(1,090)
iPX non-cash earn out	323	(1,016)
EBITDA adjusted	4,043	(2,025)

The net profit after tax for FY21 was \$5.4m, this includes a non-cash tax credit of \$6.1m to partially recognise temporary differences and historic tax losses.

Operating cash flows in FY21 was \$3.9m. Cash on hand increased from \$4.6m in December 2020 to \$6.0m at the end of FY21. We consider we are adequately funded to execute current business plans.

Wellington is updating its guidance in respect to earnings and maintaining existing guidance for revenue for FY22.

Revenue is expected to continue growing strongly in FY22, with the Company forecasting growth of approximately 25% to around US\$60m. Revenue would likely be higher if there were no constraints on component supply. The additional gross profit from this growth is being reinvested into the expansion of engineering and sales staff, and infrastructure as Wellington broadens its product and geographic spread. We expect EBITDA in FY22 to be in the range of \$4.5m to \$5.5m, this forecast result is subject to the Company successfully navigating today's challenging supply chain environment.

CEO Greg Balla commented, "The Wellington team and our partners delivered an exceptional result in a challenging FY21 environment. We continue to see strong demand for our Connect IoT solution and our energy efficient ECR motors. This demand is accelerating as our customer's return on investment (ROI) from our IoT solution improves with greater engagement. While we are still experiencing significant supply chain disruption, our teams continue to find outstanding solutions to these challenges. We are investing in people to accelerate new product development, expand geographies and ensure we are attracting and retaining great people. We are very focussed on helping our customers connect their complete fleets to our Connect IoT platform to deliver on the growth potential for Wellington."

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.wdttl.com



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