



25 June 2020

For immediate release

Wellington Drive Technologies funding update

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 announced its intention to raise approximately \$5.4m of new capital through a fully supported pro-rata rights issue.

This announcement is intended to support the company through the period of financial uncertainty brought about by the COVID-19 pandemic. This will provide Wellington with the financial capacity to continue to deliver for customers as they restart demand on the other side of the pandemic.

Wellington's Capital Committee Chairperson, Gottfried Pausch commented "Over the last three months Wellington has taken decisive action to reduce costs and manage cash to weather the storm of COVID-19. Our goal is to maintain business capability and new product revenue options to expand future opportunities as the COVID-19 challenges ease. Capital is required to support the financial impact of lower customer demand. We appreciate the support of our shareholders as we manage through the issues caused by COVID-19".

Funding Details

The key features of the Offer include:

- Raise approximately \$5.4m through a 1:3 pro-rata renounceable rights issue at 5 cents per new share
- Rights will not be quoted or tradeable on the NZX. However, Eligible Shareholders are entitled to seek buyers for their rights off-market prior to the closing date of 16 July 2020
- The Offer closes on 16 July 2020 with the new shares issued by 22 July 2020
- Wellington has received commitments in respect of approximately 58% of the pro-rata rights offer, with either firm letters of commitment or statements of intent from institutional investors, strategic partner East West, Directors and staff.
- Wellington's strategic partner, East West, has indicated its intent to exercise all of its pro-rata rights, representing approximately 10.3% of the new shares being offered and also to apply for over-subscriptions which, if successful, would support 100% of any shortfall in rights applications

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Use of funds

The new funds will be used to bridge the demand gap caused by COVID-19 and enable Wellington to continue to launch the new products that can open up new revenue streams. Wellington intends to raise approximately \$5.4m from this pro-rata rights issue.

- Support revenue declines while customers are in COVID-19 related hiatus
- Bridging a working capital gap due to customers requiring extended terms
- Continue with product development to increase revenue options

This rights issue has been approved by the Directors of Wellington.

Governance note:

John McMahon is a director of NZX Limited, the parent company of Smartshares Limited, which is a substantial product holder of Wellington with 9.614% of the issued ordinary shares as at 19 December 2019 (being the date of its most recent substantial product holder disclosure). Mr McMahon is deemed to be “interested” in the Offer. Accordingly, he has not participated in discussions or information where a conflict of interest may arise and has been recused from all Wellington Board decisions relating to the Offer. Mr McMahon is not an independent director of Wellington.

Other key business updates

- Wellington’s Q1 result was an improvement on last year as the company successfully managed through the initial supply chain challenges caused by COVID-19. During Q2, the company has experienced much weaker sales estimated at around \$5m for the 3 months ended 30 June 2020, compared to \$17m for the same period in 2019. Nevertheless, Wellington expects to report an EBITDA profit of around \$1m for the 6 months ended 30 June 2020, compared to \$2.4m for the comparable period in 2019.
- Many of Wellington’s customers closed their plants for extended periods during Q2 and some food and beverage brands have significantly reduced capex spend for new equipment. Wellington expects these customer closures and demand reductions to only gradually alleviate over the course of 2020. Customers are continuing to actively engage in new product discussions.
- Wage support in NZ and other geographies, along with other cost reduction initiatives, have significantly reduced the impact of lower sales revenue on the company’s EBITDA performance. Wellington received \$0.3m on 19 June 2020 under the extension to the NZ government’s Wage Support program. This supports wages and salaries paid to New Zealand employees for the period from 19 June 2020 to 13 August 2020.



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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