



21 April 2022

Market Announcement

For immediate release

Wellington Drive Technologies maintains revenue growth in Q1-2022

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 provide its trading results for the three months ended 31 March 2022 (Q1-2022).

- Revenue was \$18.4m compared to \$14.6m for the same period in 2021 (Q1-2021), a 25.8% increase.
- Gross Margin was 25.3% (28.6% in Q1-2021).
- EBITDA was \$0.3m (\$1.0m in Q1-2021).
- Cash at 31 March 2022 was \$3.8m and the Company also had \$2.4m available under its trade finance facility.

Since Q4-2021, the Company has been managing through very challenging supply issues, including electronic component shortages, increased input costs, constraints on shipping and increased shipping costs.

Component suppliers were unable to supply the quantities required by Wellington to meet its customer demand, despite confirmed orders in place within lead-times. While the Company purchased components on the spot market at a significant premium and had redirected its Auckland based engineering team away from new product development activities to focus on validating alternate components to be used in our existing products, we were unable to supply all customer orders.

EBITDA for Q1-2022 was also impacted by significant component cost increases, premiums paid for spot market purchases amounting to \$0.4m and a lower level of capitalised development time of \$0.3m (\$0.7m in Q1-2021).

To address product cost increases, Wellington has already adjusted customer pricing and further pricing changes are under consideration.

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We believe we have resolved the component supply situation for our Connect SCS product range and are now in the final stages of testing and certifying alternate components for our ECR2 motor range. Unfortunately, production will continue to be impacted in Q2-2022 as new components will not become available until H2-2022 and existing component supply means production is likely to be well short of what we require to meet customer demand.

Accordingly, we are adjusting our full year 2022 guidance. We expect US\$ invoiced revenue in the range of US\$55m to US\$60m (previous guidance was around US\$60m) which represents YOY growth of 17% at the bottom of that range. EBITDA earnings are expected to be in the range NZ\$3.5m to NZ\$4.5m (previous guidance in the range of NZ\$4.5m to NZ\$5.5m) which is still significantly above that recorded in FY2021.

The Company's revenue would likely have been higher than that forecast but for the operating constraints outlined above.

CEO Greg Balla commented "Demand continues to be strong from existing customers for new build refrigeration units and is also increasing in the much larger retrofit market with one major customer committing to retrofit their entire fleet and several others are progressing well down the path. Our new products Connect Monitor and Connect Network Pro are also giving us access into new geographies and we are going through product validation with some of the largest Brands in Europe and the USA. I would like to thank our team for the immense effort they have put in to support our customers through the major global supply chain disruptions in Q1-2022".

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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