

Solution Dynamics (SDL or Company) has previously provided guidance for FY2022 earnings of around \$2.3 million. Better than expected NZ trading in the second half plus order closures late in June means the Company now forecasts FY2022 net profit after tax of around \$2.5 million, subject to any audit adjustments. This will be a record profit result for SDL and an increase of around 25% on FY2021 earnings.

The Company will report its FY2022 result on 25 August 2022.

Looking forward to FY2023, a number of positive and negative influences are expected to affect earnings guidance. On the positive side, SDL is seeing strong new business activity in NZ print and mail house, and assumes underlying growth will occur in several key accounts and vertical markets internationally. On the negative side, the Company is subject to increasing cost pressures, not all of which can be passed through to customers. Also, to further support and accelerate international growth, the Company intends to invest in additional sales & marketing expense, plus it is likely that further in-market developer, support and devops personnel will be required in the northern hemisphere. SDL expects that the general global trend of sizeable postage increases will persist and this will continue the push of certain types of communications to digital channels. These cost and industry factors, coupled with macroeconomic headwinds from central bank interest rate increases, provide an offset to the Company's expected new business gains.

The net effect of the above influences on FY2023 earnings is forecast to be broadly neutral with SDL's initial FY2023 guidance for net profit after tax to be around \$2.5 million. The Company cautions that significant volatility around this guidance is possible and some factors, such as macroeconomic risks, are outside the Company's control.

For further information please contact:

John McMahon
Chair
+64-(0)21-0914 0236

Patrick Brand
CEO
+1-203-550 0865