

Solution Dynamics Limited

Annual Shareholder Meeting, 27 October 2022



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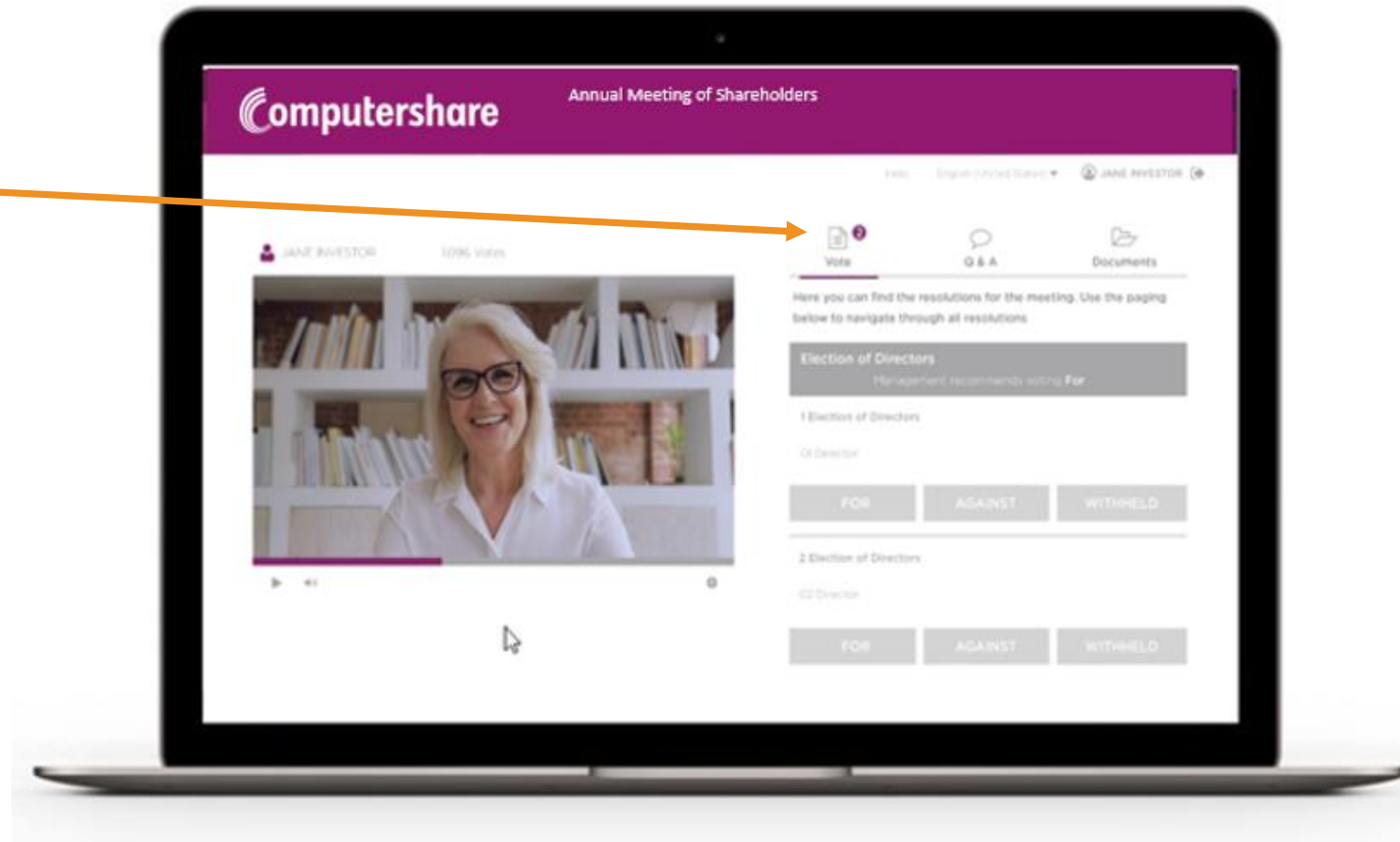
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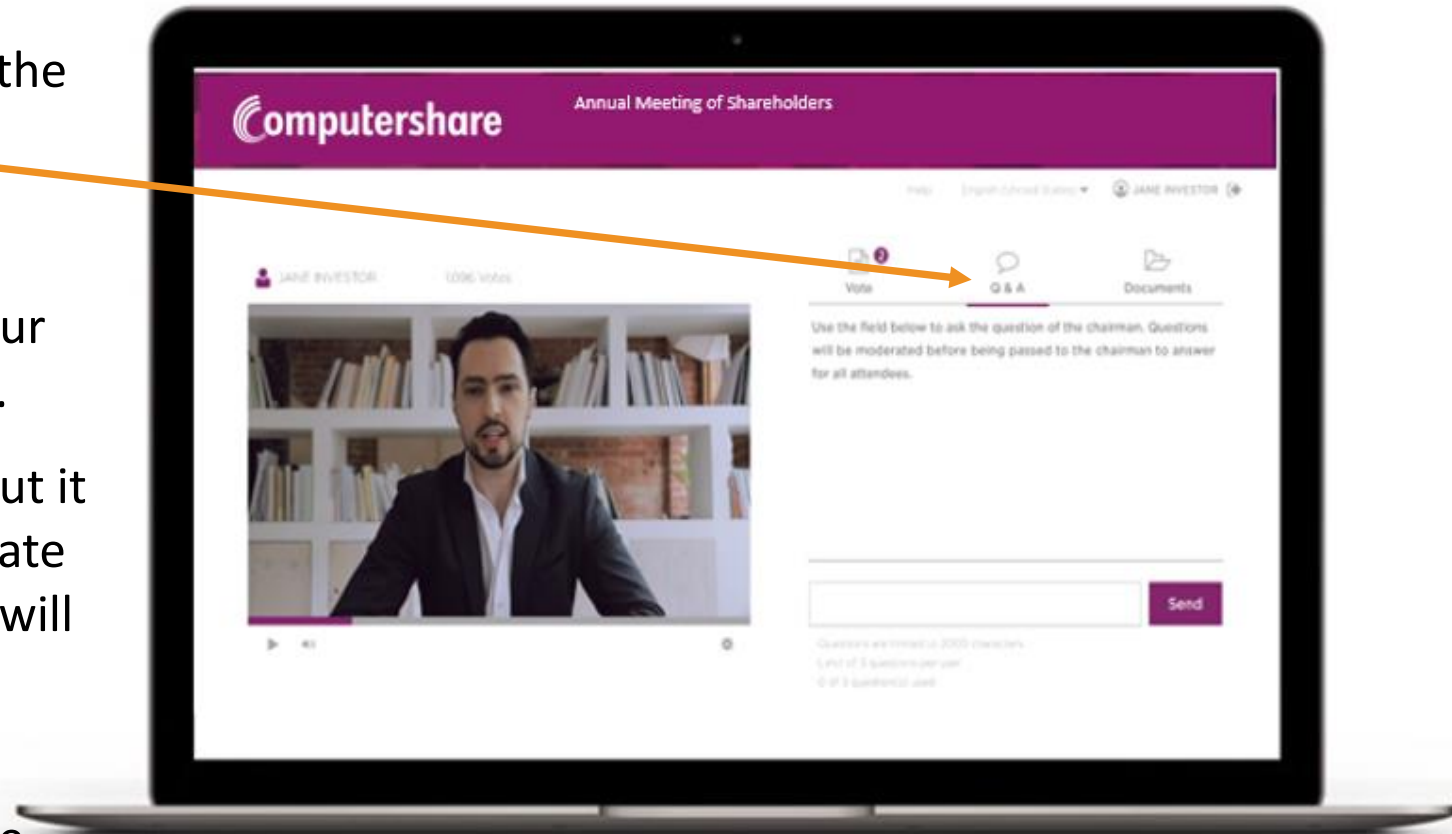
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- Meeting open: Voting and Questions procedure
- Nelson Siva: in memoriam
- FY2022 overview
- FY2022 key result metrics and long term trends
- Business commentary and key trends
- Strategy and FY2023 Outlook
- Formal business of the meeting, including resolutions:
 - to fix Auditor's remuneration
 - to re-elect Elmar Toime
 - to re-elect Lee Eglinton
 - to increase Directors' fees
- General business and Questions

- Once the voting has been opened, the vote process will be accessible by clicking on the 'Vote' tab.
- To vote simply select your voting direction from the options shown on the screen.
- Your vote has been cast when the tick appears.
- To change your vote, select 'Change your Vote'.



- If you have a question to submit during the meeting, select the Q&A tab.
- Type your question and press 'Send'. Your question will be immediately submitted.
- You can submit a question at any time but it may not be answered until the appropriate point in the meeting. Similar questions will be answered together.
- The Q&A tab may also be used for help. Please submit your query or problem the same way as typing a question.





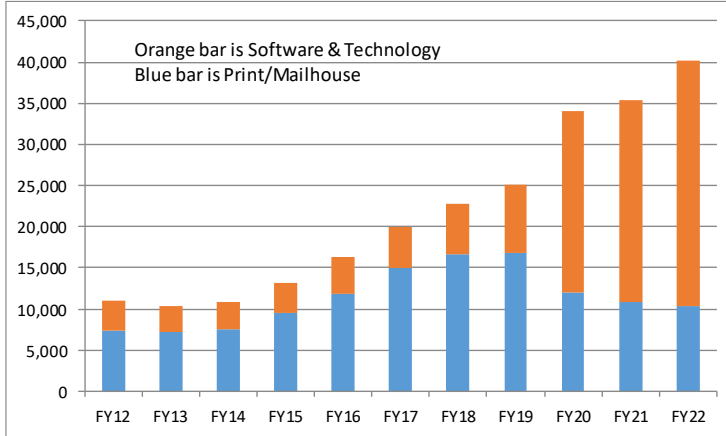
- SDL's long-term CEO passed away in late 2021 after illness since early 2020
- Nelson established our platform for growth
 - architect of the Company's successful technology and international expansion
 - developed and mentored the management team in place today
 - could see the big picture and "sweat the detail"
- more importantly, he established SDL's culture
 - a positive, "can do" attitude with a strong customer service focus
 - ability for SDL to tackle complex customer communication problems
- plus a friend to the staff, but a tough and demanding boss when needed
- deeply missed and SDL's deepest condolences to his wife, Tracey, and family

- Key change in FY2022 was CEO transition from Nelson Siva to Patrick Brand (New York based)
 - largely seamless transition, despite COVID travel constraints; big thanks to all staff for support to Pat
- FY2022 continued SDL's trend of business and earnings momentum
 - difficult domestic NZ market, with ongoing pricing and margin pressure...
 - ... but, strong NZ new business progress in H2 FY2022 is continuing and generating results into FY2023
 - international growth continues: strong US expansion, UK recovering, but still partly COVID-affected
- International expansion driven by software platforms:
 - driven by Digital Mail Centre (DMC) and Jupiter; focus on platform integration and interoperability
 - better integration with internal IT systems of key customers to increase customer "stickiness"
- Cost structure growth slowed; future cost expansion now more new customer/activity driven
- Maintain a conservative balance sheet with a cautious approach to acquisitions
 - more difficult macroeconomic environment may throw up acquisition opportunities

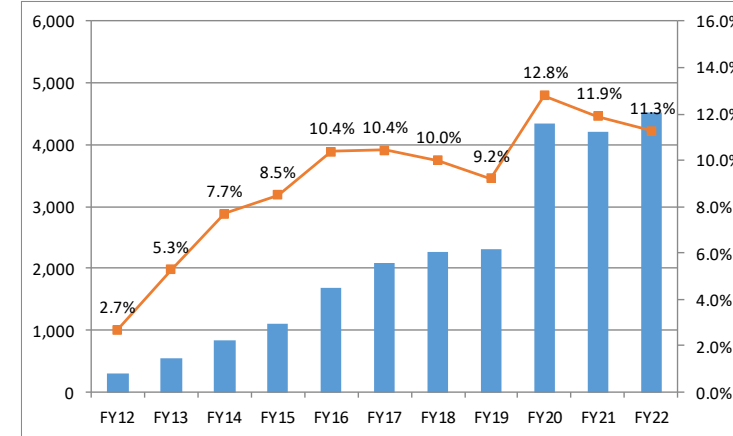
Financial Metrics (\$000)	FY22	FY21	Growth Y/Y	Five-Yr CAGR
Total Revenue	40,127	35,445	13.2%	15.0%
Digital Print & Outsourced	10,324	10,810	-4.5%	-7.1%
Software & Technology	29,803	24,635	21.0%	42.5%
Gross Profit	13,941	13,491	3.3%	12.6%
Gross Margin	34.7%	38.1%		
SG&A expenses	9,422	9,277	1.6%	10.8%
EBITDA (a)	4,519	4,214	7.2%	16.7%
EBITDA Margin	11.3%	11.9%		
Net Profit after Tax	2,563	2,034	26.0%	14.4%
Earnings per share (cents)	17.41	13.89	25.3%	13.3%
Dividends per share (cents)	13.00	11.00	18.2%	14.0%

(a) EBITDA is a non-GAAP earnings figure that equity analysts tend to focus on for comparable company performance analysis. The Company considers that it is a useful financial indicator because it avoids the distortions caused by the differences in amortisation and impairment policies.

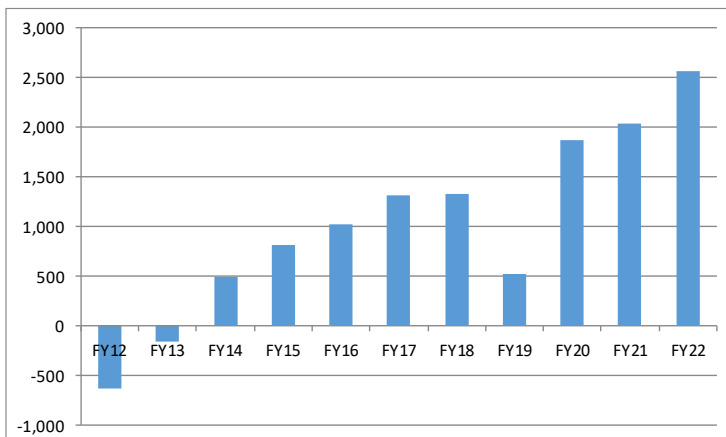
Revenue (\$000)



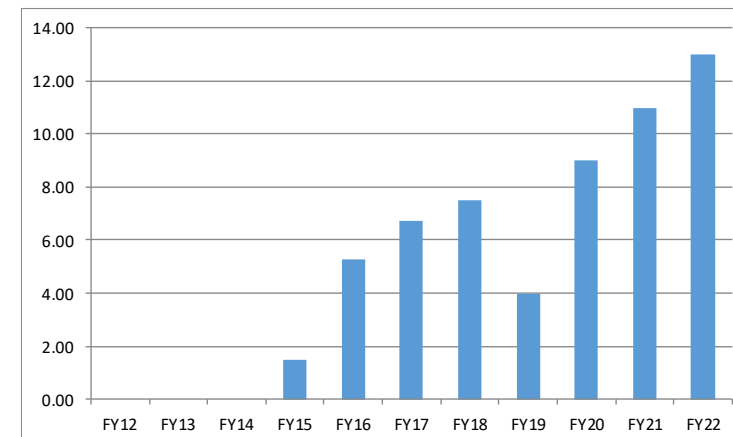
EBITDA (\$000) and EBITDA Margin (%)



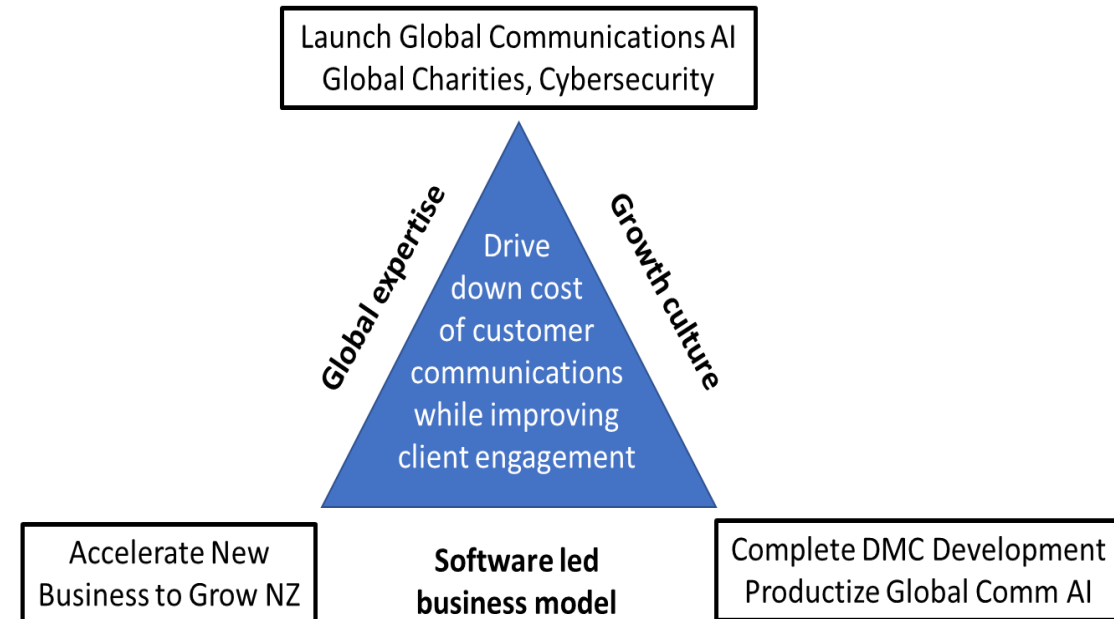
Net Profit after Tax (\$000)

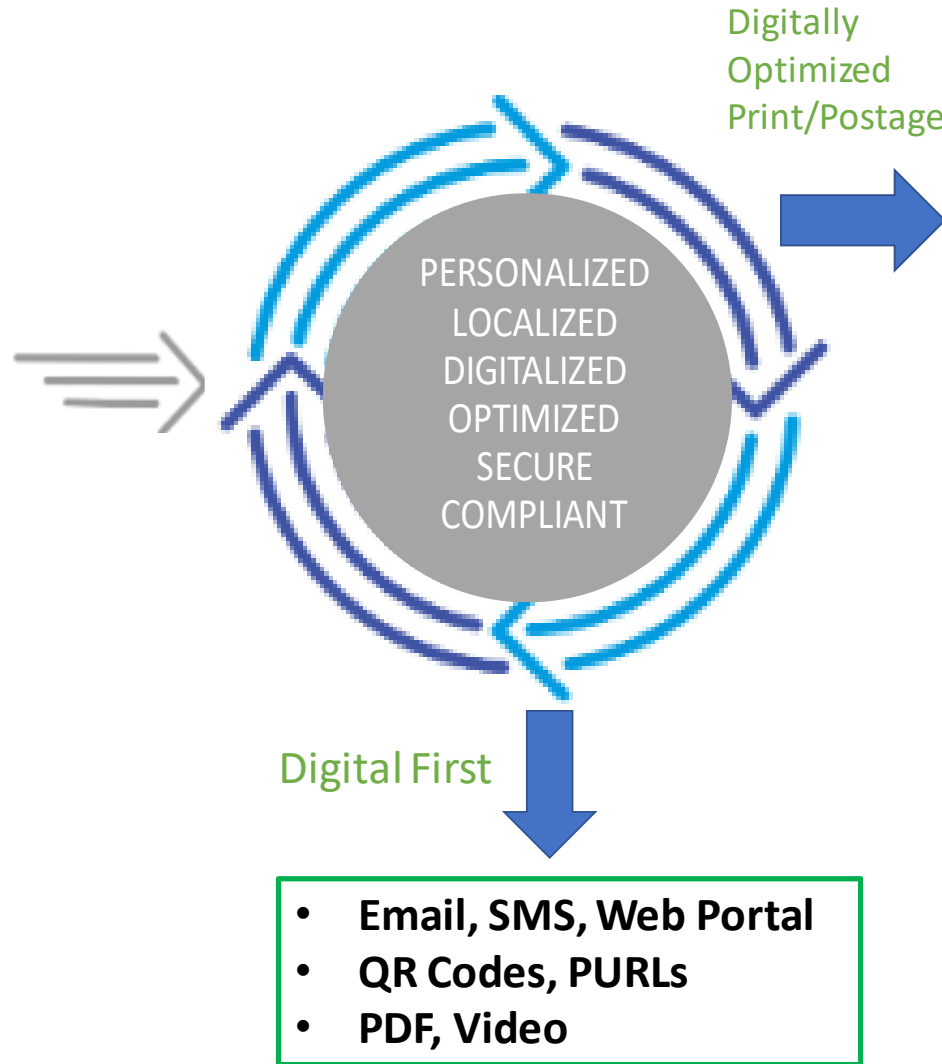


Dividends (cents per share, excl Imp Credits)



- Leveraged entry into global communications with DTP acquisition in 2018
- Strategy successfully secured World Vision, Pitney Bowes and a major player in cybersecurity breach notices
- Strategy focus refined:
 - vertical markets: global charities, cybersecurity
 - build expertise in global postage and logistics
 - capture more value in software (versus print)
 - better “in market” customer support
 - leading with software in NZ, to complement print





- **Centralized Print**
- **Regional Print**
- **Local Print**

Typical Client Benefits

- *50%+ Int'l postage savings*
- *Faster delivery/eco-friendly*
- *Turnkey global solution*
- *Client engagement*



- Legacy model of managing, producing and delivering printed communications to global Sponsors from 54 different locations worldwide twice per annum
- World Vision has improved global sponsor communications linking 2.5 million sponsors with 3 million children globally using SDL's technology and solutions
- Generated major cost savings and freed up thousands of hours of time each year while improving client engagement
- Continuing to improve World Vision Sponsor engagement through digitisation
- Our focus is to help other Global Charities capture similar savings while improving sponsor engagement

- Key strategy is ongoing development of SDL’s international software & technology business
 - sales model in the US is focused on channels
 - direct sales aimed at key vertical markets such as global charities and cybersecurity breach notices
- Customer support moved to a “follow the sun” model (versus NZ-centric support)
- Key risk is global macroeconomic slowdown, but may throw up acquisition opportunities
- Upgrading FY2023 earnings guidance from around \$2.5 million to a range of \$2.5 to \$2.8 million
 - first quarter well ahead of budget (much of this is timing and one-offs)
 - NZ operations running strongly on new business gains
 - but some risks on new business growth expectations in H2, especially in North America
 - guidance assumes no unusual business risks and no further COVID disruptions
 - global macroeconomic picture remains challenging with rapidly rising interest rates
- FY2023 result is likely biased to a stronger first half (similar to prior year)

- Voting will be by way of poll and through proxy submission
 - votes will be counted by Computershare and the results then released on NZX
 - you must have logged on to this meeting using the details you received in the Notice of Meeting to be eligible to vote
- How to vote reminder
 - if you are eligible a 'Vote' tab will show on your screen; click on the tab icon to vote
 - the resolutions will appear along with voting options
 - simply select the voting direction from the options shown on the screen
 - your vote has been cast when the tick appears
 - you can change your vote any time until the meeting ends by selecting 'Change your vote'.

- Resolution 1: Auditor remuneration
 - That the Board be authorised to fix the remuneration of the Company's auditors for the FY2023 year
- Resolution 2: Re-election of Elmar Toime
 - To re-elect Elmar Toime as a director of Solution Dynamics Limited
- Resolution 3: Re-election of Lee Eglinton
 - To re-elect Lee Eglinton as a director of Solution Dynamics Limited
- Resolution 4: Directors' Fees
 - To approve an increase in directors' fees as outlined in the Notice of Meeting and benchmarked by an independent Ernst & Young report
 - Chair fee would increase from \$60,000 to \$80,000
 - Director fee would increase from \$40,000 to \$50,000
 - Fees last reviewed in 2019 and the proposed new rates will be held static for the next three years (subject to no material change in circumstances)

- Any remaining general business or questions from shareholders?
- Meeting formally closes

Thank you for attending