

Solution Dynamics Limited

Annual Shareholder Meeting, 19 October 2023



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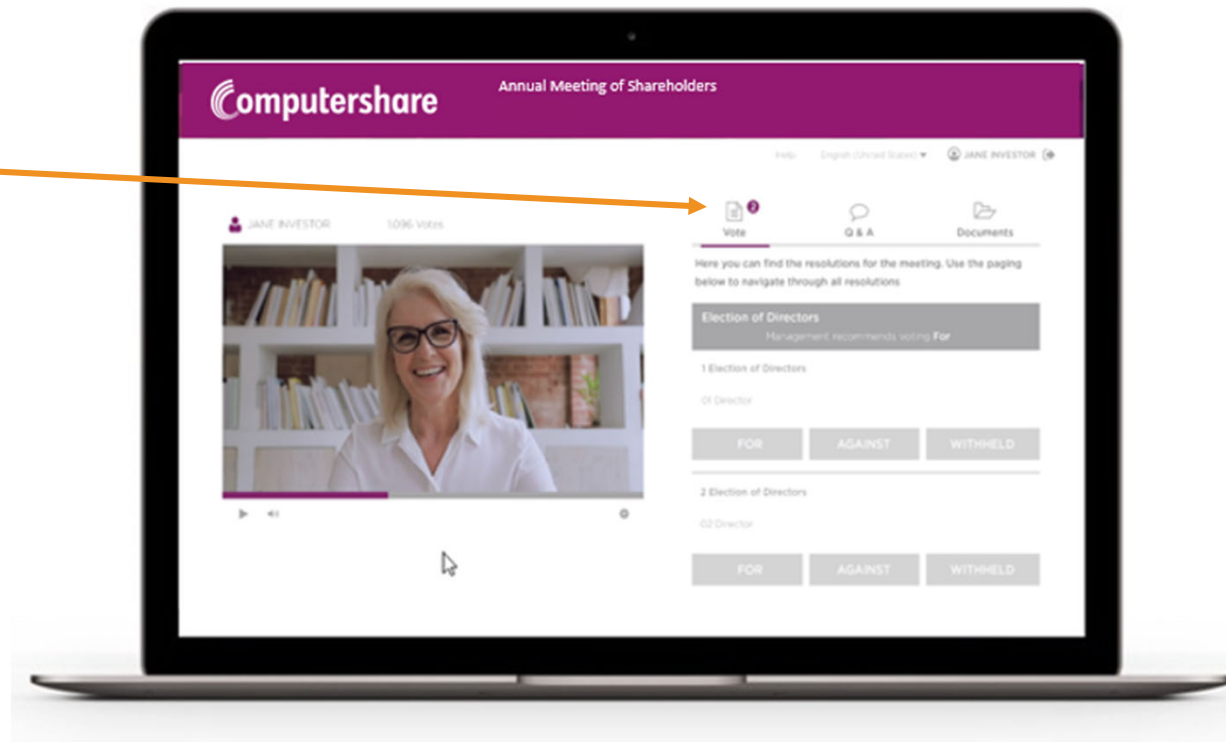
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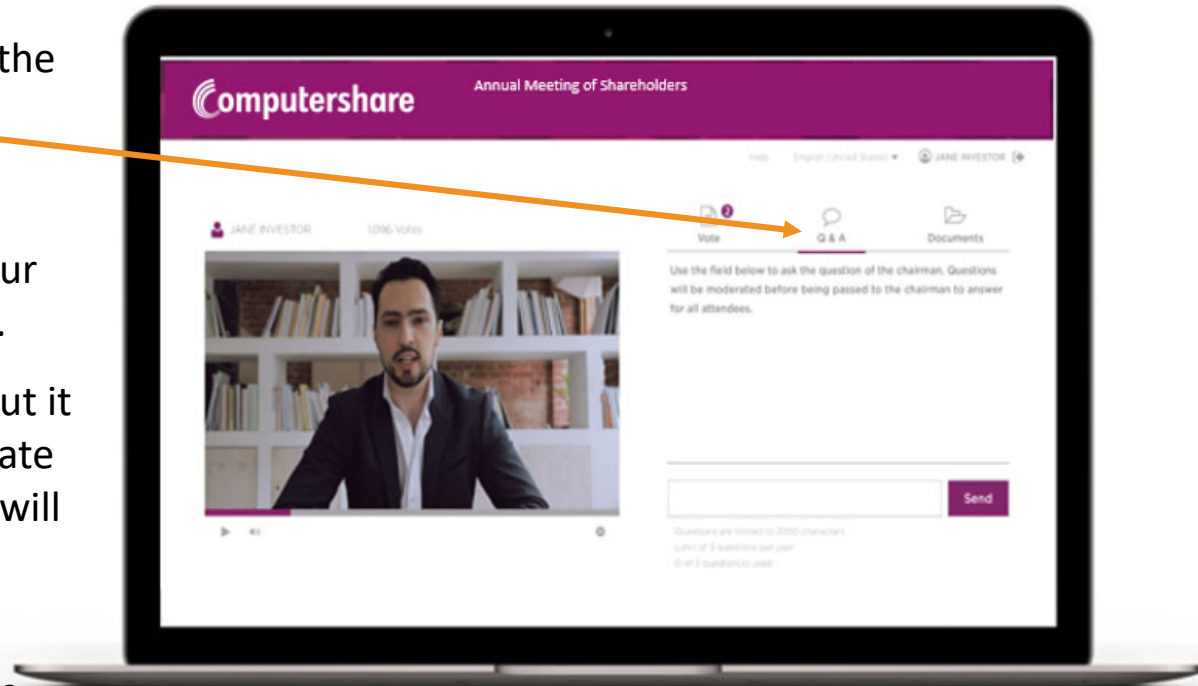
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- Meeting open: Voting and Questions procedure
- FY2023 overview
- FY2023 key result metrics
- Business commentary:
 - Vertical market focus
 - Go-to-market strategy
 - Software & Technology strategy
 - EY case study
- Strategy and FY2024 Outlook
- Formal business of the meeting, including resolutions:
 - to fix Auditor's remuneration
 - to re-elect John McMahon
- 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.



- First full year with Patrick Brand as CEO; pleased to report record earnings
 - no COVID constraints, but some after-effects (labour cost pressure, rapid hikes in global postage rates)
- Ongoing business and earnings momentum; differing NZ and International performance
 - domestic NZ mailhouse market difficult, but strong market share gains saw modest volume growth
 - international, recovery towards pre-COVID volumes in UK, but US difficult (esp. mortgage market)
- International refocused on specific verticals where SDL's IP/technology better differentiates
 - customer pain points such as cross-border mail; target sectors such as the global charity market
- Conservative balance sheet (\$6.6 million, ~45cps) with a cautious approach to acquisitions
 - more difficult macroeconomic environment may throw up acquisition opportunities
- NZTE market development grant of \$0.6m co-funding of costs over three years
 - constrains shareholder distributions (dividends, buybacks) to 50% of net profit for the grant period

Financial Metrics (\$'000)	FY23	FY22	Growth Y/Y	Five-Yr CAGR
Total Revenue	40,385	40,127	0.6%	12.2%
Digital Print & Outsourced	11,958	10,324	15.8%	-23.3%
Software & Technology	28,427	29,803	-4.6%	36.3%
Gross Profit	15,986	13,941	14.7%	13.7%
Gross Margin	39.6%	34.7%		
SG&A expenses	10,274	9,422	9.0%	10.8%
EBITDA ^(a)	5,712	4,519	26.4%	20.2%
EBITDA Margin	14.1%	11.3%		
Net Profit after Tax	3,425	2,563	33.6%	20.8%
Earnings per share (cents)	23.2	17.4	33.4%	20.5%
Dividends per share (cents)	11.5	13.0	-11.5%	8.9%

(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.

- Leveraging global advantages in key vertical markets
 - Global charities and NGOs
 - Global business process outsourcers
 - Global communications platforms
 - NZ councils and government



- Modernising go-to-market to drive awareness and leads
 - New website
 - Digital marketing
 - tradeshow



Working with one of the top 3 international NGOs, Solution Dynamics was able to drastically reduce overhead costs, allowing more yield to the field. Our hybrid print and digital model provides a more dynamic connection between donors and the work they support which enforces a sense of commitment and loyalty to your organization. Reach out to learn how your efforts to do good can become even more effective.

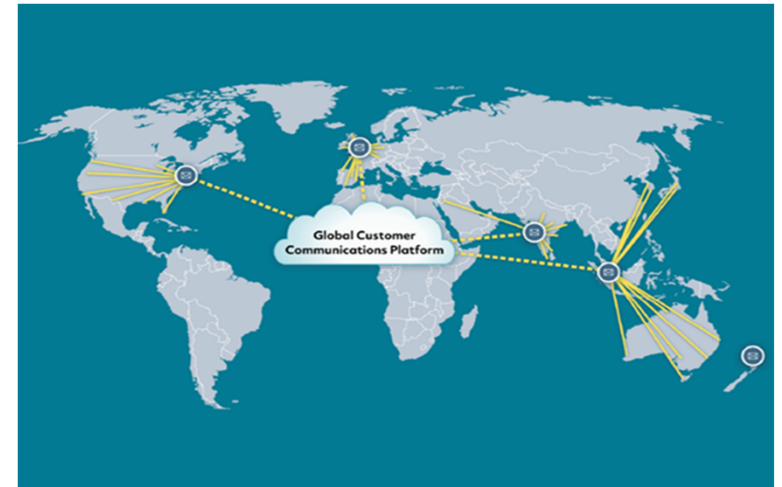
#nethopesummit2023 #nethope #socialimpact #techforimpact #digitalforgood #digitaltransformation #globalprint #internationalprint #donorrelations #nonprofits #nonprofit #notforprofit #NGO #foundation #charity



Significant progress integrating solutions into Global Customer Communications Hub

Complete omni-channel cloud solution connected to global digital workflow/network

- Moving from “bespoke” solutions to integrated and configured platforms
- Integration of Jupiter digital workflow with DMC
- Integration of digital channels with print delivers “omni-channel” experience
- One integrated user experience with single sign-on (SSO)
- One client portal to access range of SDL software solutions
- Single dashboard of global campaign status
- Intelligent QR code integration drives clients to personalized web content
- Cloud solution hosted on AWS
- Data security reviews, encryption security and pen tests routinely



- EY (formerly Ernst and Young) partners with SDL globally
- Selected SDL as global partner for “Know Your Customer” communications
- SDL is supporting EY with their client, a marquee global financial services firm
- KYC mail campaigns have higher response rates than digital channels
- Enabled printing directly in destination country, India, versus centrally in UK, saving over 80% on postage
- Project started in second half FY2023 and expected to rollout to North America and Europe over FY2024
- Working with EY to expand to other clients



- Step change growth requires development of SDL's international software & technology business
 - sales model in the US is focused on channels (e.g. Pitney Bowes)
 - direct sales aimed at key vertical markets such as global charities and specific domains
 - restructured global sales function, activity levels already improving but slow sales cycles
- Key risks remain global macroeconomic slowdown and accelerating move from physical mail
- SDL's largest customer intends to tender (RFP) its global communications activity
 - not a question around SDL's performance (very well rated) but usual large organisation re-tendering
 - this customer is very material to SDL's financial performance
- Board remains conscious of recent share price move and broader problem of small cap illiquidity
- Providing H1 FY2024 earnings guidance in range of \$2.0 to \$2.3 million (H1 FY2023: \$2.5 million)
 - NZ operations running strongly on new business gains, some cost pressures not fully recovered and international new business yet to regain traction
 - no full year FY2024 guidance until largest customer RFP outcome is known (H1 FY2024 not affected)

Questions?

- 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 FY2024 year
- Resolution 2: Re-election of John McMahon
 - To re-elect John McMahon as a director of Solution Dynamics Limited

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

Thank you for attending