Smarter Outreach. Deeper Engagement.

# Annual 2026 Report

For fiscal year

2025/2026

**Solution Dynamics Limited**

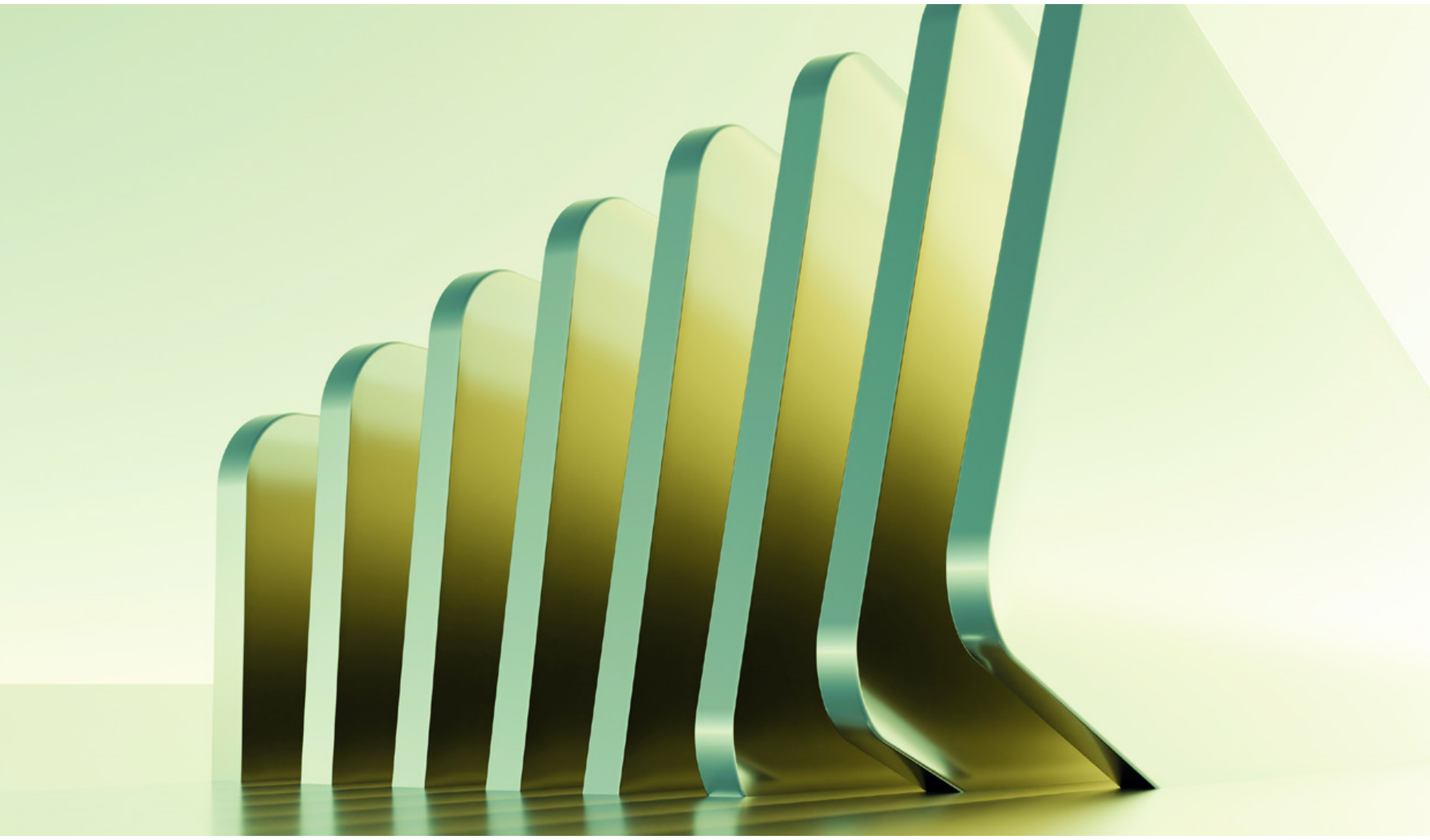
Transforming customer communications through AI-powered engagement

## Annual **Shareholders Meeting**

The Annual Meeting of shareholders will be held at 10:30 am on Thursday, 22nd October 2026, as an in-person meeting in the Jupiter Meeting Room, Solution Dynamics Limited, 18 Canaveral Drive, Albany, Auckland, and as an online meeting with details to be provided when the Company provides the Notice of Meeting to shareholders.

## 2026 **Key Financials**

- Net profit after tax of $0.38 million, down 85.4%
- Revenue down 24.0% to $31.4 million
- EBITDA down 74.5% to $1.13 million
- Earnings per share of 2.7 cents (prior year 17.8 cents)
- Dividends per share of 4.0 cents (prior year 3.0 cents)
- Net cash on hand $7.71 million (underlying is 55-56 cents per share)
- Share buyback acquired 0.5 million shares
- Significant investment to develop and successfully launch nGAGE



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# Management Discussion and Analysis

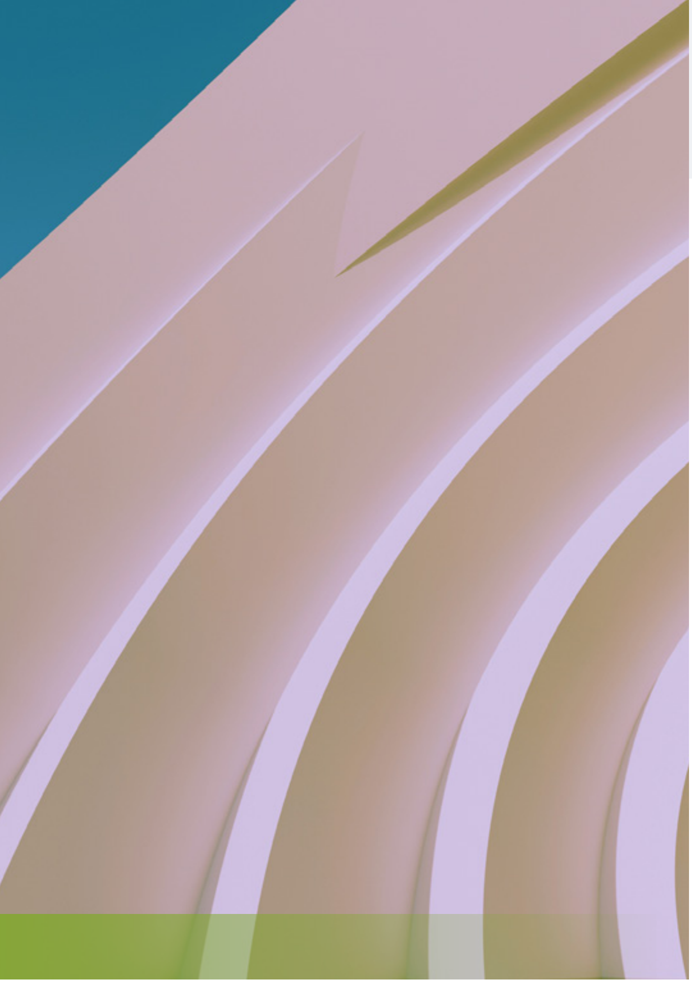
## FY2026
## Result Overview

Solution Dynamics Limited ("SDL" or "Company") recorded a net profit after tax of $0.38 million for FY2026 (FY2025 $2.62 million). FY2026 earnings per share was 2.7 cents (FY2025 17.8 cents). The two main factors that accounted for the decrease were the loss of a major customer contract during FY2025, plus the development and launch costs for SDL's new product, nGAGE, initially aimed at the UK dental market.

The Company's revenue declined to $31.4 million (down 24.0% from $41.3 million). The reduction was primarily in Software & Technology, although, predictably for its market segment, mail house print also came under pressure, partly offset by an increase in low-margin postage revenue. Pleasingly, revenue from the top ten customers increased by 11% excluding postage, reflecting a mix of both digital and print growth. Digital revenue increased 4% year on year, a product of some client onboarding in this segment, though also indicating continued overall customer migration from print and mail to digital channels.

Domestic print and mail house operations continue to operate within a declining market, exacerbated by ongoing significant postage price increases from NZ Post that are incentivising customers to move further to digital communications. Importantly in this segment, SDL has gained additional work from key accounts in the local authority sector and expects to gain additional volumes from a number of new council-owned water entities that are now required to operate as stand-alone operations with separate billing.

International business saw revenue reduction, primarily from the full effect of the loss of a material client in FY25; this was a key factor in Software & Technology revenue reducing 44.0% to $13.5 million. SDL's new nGAGE product, which commenced as a project in August 2025, continues to see focus and resource applied to bring a suite of enhanced digital products to market in the immediate term, but due to its position in the development cycle, saw minimal revenue for FY2026. The North American marketing



services operation, also added during FY25, saw slightly lower than expected revenue and was a modest drag on earnings for the year.

Importantly, to ensure expenses are right sized to the effects of the markets in which the company operates, significant cost restructuring was undertaken over FY2025 (mainly in 2H) which saw Selling, General & Administration (SG&A) costs fall by 23.8% in FY2026. This decline is net of adding additional resources in the UK to develop and launch nGAGE.

Earnings before interest, tax, depreciation and amortisation ("EBITDA") declined 74.5% to $1.13 million (FY2025 $4.45 million). Gross Profit was 39.5% lower, with the fall partly offset by a general price increase across most New Zealand customers at the start of FY2026.

Cash flow from operations was an outflow of $0.46 million (FY2025 inflow of $4.30 million) and the net cash and short-term deposit position at year end was $7.71 million (FY2025 $11.19 million). The prior year cash position was assisted by unusually positive year-end accruals (paid early FY2026), while current year cash was affected by slightly higher than usual receivables – the normalised year end cash position was close to $8.0 million (approx 55 – 56 cents per share). FY2026 saw around $1.3 million of capital expenditure (print inserter equipment) and $0.3 million on share buybacks.

The Directors have declared a final dividend of 2.0 cents per share (FY2025 3.0 cents), bringing total cash dividends for FY2026 to 4.0 cents per share (FY2025 3.0 cents) with all dividends fully imputed. The total FY2026 dividend of 4.0 cents brings the FY2026 payout ratio to 153.7%.

## Governance

In H1, Patrick Brand advised the Board that as a result of a serious family medical issue, he would be unable to continue as CEO. Given Pat's extensive experience, knowledge of the US market, and connections to a key North American client of the company, and on the request of the Board, Pat agreed to remain with the company in a director role from January 2026. Susie Watts, SDL's CFO was appointed Acting CEO from 1 January 2026. Susie has been with SDL since late 2021 and has been instrumental, not only in improving the Company's financial and operational systems, but also in wider leadership and culture responsibilities for the International Group.

# Business **Description**

SDL operates in the global Customer Communications market, providing a comprehensive suite of software technology, professional services, and managed services to facilitate the digital transformation of customer communications. SDL operates primarily in New Zealand, North America and the UK. The Company's products and services are represented by two revenue streams: Services (split into Digital Print & Document Handling, and Outsourced Services); and, Software & Technology.

Services covers the New Zealand business where SDL operates its mail house activities. Within Services, Digital Print & Document Handling revenues are generated from digital printing and mail house processing for two categories of mail items: transactional, such as invoices and statements; and direct marketing/promotional mail. Outsourced Services such as envelope printing and postage are typically bundled as part of the total solution, albeit at low margins.

Software & Technology covers the international business, principally in North America and the UK, which provides a suite of cloud-based customer communications solutions. Primary components of the SDL technology stack include:

- **Document management & processing** – digital document management, workflow, integration, scanning and archiving;
- **Distribution and print** – multi-channel digital and print distribution, with global print integration across more than 50 countries;
- **Content and personalisation** – digital asset management, document composition and content personalisation;
- **Campaign management** – digital and print campaign optimisation, enhanced by AI applied to document processing; and,
- **Data and Insight** – data quality and enhancement, dashboards and analytics.

In FY2026, SDL's software product offering was extended into a new category for the Company, with the launch of nGAGE into the dental sector.

## **nGAGE** Progress

SDL commenced development of nGAGE – AI-assisted marketing communications platform for dental groups – in August 2025. The MVP (minimum viable product) was first demonstrated at an industry conference in November 2025, followed by the initial product launch into a customer trial in early 2026. nGAGE connects natively to Dentally, a dental practice management software package from the largest global software supplier to the sector.

nGAGE leverages rich dental patient data to drive measurable practice growth and strengthen ongoing patient engagement and retention. As a material upgrade to SDL's traditional communications dental solution, nGAGE delivers essential customer communications and marketing capabilities beyond that provided by core practice management systems within the clients business. It tightly integrates with patient information, enabling precise, targeted campaigns assisted by and built in AI. The AI engine supports campaign creation, patient analysis, cross sell identification, operational queries, and continuous performance feedback.

## Built on three core pillars

Every feature, every insight and every recommendation is designed around three fundamental principles — working together to create a comprehensive growth ecosystem for your practice.

PILLAR I

### New Patient Acquisition

Intelligent targeting and personalised campaigns that attract the right patients to your practice, turning prospects into loyal patients through data-driven insights.

PILLAR II

### Existing Patient Growth

Maximise the lifetime value of your current patients through intelligent treatment recommendations, automated follow-ups and personalised care journeys.

PILLAR III

### Improve Your Reputation

Build trust and credibility through transparent outcome tracking, automated review management and showcasing your practice.

All marketing communication data and patient behaviour feeds into an AI/LLM layer, allowing SDL and the client to learn from campaign performance across the platform and continuously improve how future campaigns are targeted and shaped. AI supports nGAGE across multiple dimensions, including analysing patient data to recommend targeted campaigns, such as specific treatments, lapsed patients, resolving operational and support queries, providing campaign performance insights, identifying cross sell opportunities, and monitoring key practice metrics.

For further product details, refer to [https://www.n-gage.ai/](https://www.n-gage.ai/)

To date nGAGE has been well received by both individual practices and corporate dental clients. The latter, particularly the larger groups are expected to have longer sales cycles, meaning most sales to date have been to smaller corporate groups and individual practices.

The data architecture underlying nGAGE means the product can be readily adapted for vertical markets aside from dental, although the UK dental market is where SDL's primary sales focus will be applied over the coming year.

Importantly, this is the first software solution SDL has provided that is an "out of the box" solution with the ability to scale, a key strategy now for the Company going forward. From the first trial site in February, nGAGE has now signed around 140 sites, of which over 40 have been onboarded. Additional resourcing and automation are being applied to the onboarding process, and the pipeline remains strong. SDL has recently reached agreement to market nGAGE in Australia and New Zealand to practices that use the Dentally software package, although only modest APAC revenue is expected for FY2027.

The cost to design, launch, market and support nGAGE in FY2026 was over $0.4 million (pre-tax), with minimal revenue that only commenced during Q4. Note this cost excludes local developer resources in New Zealand (are all expensed).

# **Business** Performance

FY2026 was another demanding year for the SDL team to accommodate the settling in of the extensive H2 business restructure conducted in FY2025, alongside a leadership change as Susie took up the position of CEO following Pat's announcements.

In summary, and while the New Zealand new business fell short of budget, the UK performed well, as did the Pitney Bowes partnership which supports SDL's software transition towards a recurring revenue model. US click volumes rose 17% year on year and EU click volumes were up 5%, although professional services revenue remains under pressure.

While FY2026 provided a multitude of challenges, the Company continues to focus its energies to specific areas of recurring revenue, fully supported by a lower expense base, to ensure the transition from domestic print and mail volumes is managed profitably.

## Services

Services is the Company's New Zealand operation that provides mail house solutions to high-volume postal mail users in the business-to-consumer sector. Services operates leased, high-speed digital colour and monochrome printers. In addition to digital printing, Services also provides the ancillary document handling operations such as automated envelope inserting and flow-wrap.

New Zealand continues to face significant headwinds from declining mail volumes with customers increasingly sensitive to the materially higher postage rates from NZ Post. From 1 July 2026, NZ Post increased its standard medium-sized letter retail pricing by $0.70 to $3.60 a rise of 24% (on top of a 15% increase the prior year).

NZ Post appears to be following a strategy to drive volumes down to a point where it can switch residual mail activity over the courier network and eliminate "posties" albeit this will likely be more a political than business decision. Offsetting that is Freightway's strategy of building out its DX Mail postal delivery network, which we expect operates at significantly lower cost than NZ Post's, albeit without the same level of certainty around timing of delivery.

NZ Post's FY2025 annual report noted around a 15% mail volume reduction (on top of a similar decline the prior year). While SDL's 11% decline in mail lodgements confirms its ongoing market share gains, the cumulative effect of successive NZ Post postage rates increases is seeing customers now more actively seek non-mail solutions.

Everything that can be digitised eventually will be. Albeit some communications, notably marketing/promotional material, may be more effective as physical communications given the degree of digital (email/SMS) overload "noise".

Services revenue also includes Outsourced Services, which encompasses a variety of outsourced functions or components such as postage, third party offset printing, freight, paper and envelopes, and digital channel delivery. The Company has an access agreement with NZ Post and also utilises an alternative carrier, Freightways' DX. The gross profit margins on many of these outsourced components, especially postage, are low but an important component of the total customer solution.

SDL has New Zealand's largest water utility as a long-standing customer. The Company is actively engaged with a range of Councils whose new water entities require billing communications and has gained new business, although these provided little to no revenue impact in FY2026.

On the digital communications side, SDL's New Zealand volume of customer emails rose about 2% (following a 12% increase in FY2025 and a 19% increase in FY2024). Email volumes now exceed physical mail volumes for SDL. However, the economics are very different with revenue and gross profit per item for an electronic communication significantly lower than for the same physical print and mail item.

| SDL Services Revenue Breakdown (all figures $000) | FY2026 | FY2025 | Percentage Change |
|---|---|---|---|
| Digital Printing and Document Handling | 4,001 | 4,512 | -11.3% |
| Outsourced Services & Other | 13,896 | 12,686 | 9.5% |
| **Total Services Revenue** | **17,897** | **17,198** | **4.1%** |

While Services achieved revenue growth of 4.1%, this was almost solely the effect of postage rate increases, with underlying postal volumes showing a decline.

# SDL Software & Technology

Software & Technology generated revenue of $13.5 million in FY2026, a decline of 44.0% on the prior year's revenue of $24.1 million.

The decline solely relates to the prior year major customer contract loss. Outside of that, North American click volumes at Pitney Bowes increased around 19% (although associated professional fees fell).

Software & Technology revenue is increasingly platform based, typically under SaaS (Software as a Service) arrangements, although there is one UK customer where the platform drives physical mail revenue. Digital Subscriptions were up 3% on prior year which represents 42% of the total revenue. Click charges represent 15% of total revenue and were up 17% in the US and 5% in Europe.

SDL communications software enables organisations to drive down the cost of customer communications while improving client engagement. Leading global brands rely on the Company's software to simplify sending of complex global customer communications through both print and digital channels. While the secular decline in mail continues, SDL's software platforms provide an omni-channel approach that allows the Company's customers to flexibly engage with their customers.

# Financial Performance

SDL's deterioration in FY2026 financial performance was primarily the effects from the loss of a major customer contract in FY2025, plus a pre-tax earnings impact in excess of $0.4m from developing and marketing nGAGE.

A broad-based price increase at the start of the year helped offset inflationary cost pressures.

Gross Profit declined 39.5%, the result of the above factors, and the Gross Margin declined from 34.6% to 27.5%. Following the restructuring in FY2025, SG&A costs reduced 23.8%.

EBITDA declined 74.5% to $1.13 million (FY2025 $4.45 million).

| Summary Financial Performance[1] (all figures $000) | FY2026 | FY2025 | Percentage Change |
|---|---|---|---|
| Total Revenue | 31,415 | 41,324 | -24.0% |
| Less: Cost of Goods Sold | 22,779 | 27,038 | -15.8% |
| **Gross Profit** | **8,636** | **14,286** | **-39.5%** |
| Gross Margin (%) | 27.5% | 34.6% | |
| | | | |
| Less: Selling, General & Admin (SG&A) | 7,503 | 9,840 | -23.8% |
| **EBITDA** | **1,133** | **4,446** | **-74.5%** |
| EBITDA margin (%) | 3.6% | 10.8% | |
| | | | |
| Depreciation | 945 | 861 | 9.8% |
| Amortisation | 60 | 60 | 0.0% |
| | | | |
| **EBIT** | **128** | **3,525** | **-96.4%** |
| | | | |
| Net Interest | -86 | -123 | -30.1% |
| Income Tax | -168 | 1,029 | n.m. |
| **Net Profit after Tax** | **382** | **2,619** | **-85.4%** |
| Tax rate | -78.5% | 28.2% | |

The following table highlights first and second half performance for the last two financial years. The timing of a small number of particularly large customer jobs during the year can materially alter the split of first and second half earnings.

| SDL Half Financial Years (all figures $000) | 2H FY2026 | 2H FY2025 | Percent Change | 1H FY2026 | 1H FY2025 | Percent Change |
|---|---|---|---|---|---|---|
| Total Revenue | 14,323 | 15,233 | -6.0% | 17,092 | 26,091 | -34.5% |
| | | | | | | |
| EBITDA | 443 | 731 | -39.4% | 690 | 3,715 | -81.4% |
| EBITDA margin | 3.1% | 4.8% | | 4.0% | 14.2% | |
| | | | | | | |
| Net Profit after Tax | 168 | 276 | -39.1% | 214 | 2,343 | -90.9% |

1 *This table contains a range of non-GAAP measures the Company uses to help assess performance. Refer to the Financial Statements for GAAP.*

# **Balance Sheet**, **Liquidity** and **Debt**

SDL closed the year with net cash (i.e. cash plus short-term deposits less interest-bearing debt) on hand of $7.71 million (FY2025 $11.19 million although this amount was flattered by a large, favourable working capital position over year-end). This net cash figure excludes debt liabilities relating to Right to Use Lease Liabilities arising from the Lease Accounting standard; these liabilities are approximately offset by Right to Use Assets.

The Directors will maintain a prudent approach to balance sheet management but continue to review acquisition opportunities.

The Company maintains an overdraft arrangement from ANZ Bank with a $0.2 million limit. This was unused during FY2026.

| Selected Balance Sheet and Cashflow Figures (all figures $000) | FY2026 | FY2025 | Change |
|---|---|---|---|
| Net Cash/(Debt & Borrowings) | 7,712 | 11,193 | -3,481 |
| Other Non-Current Assets | 2,852 | 1,646 | 1,206 |
| Right of Use Assets | 1,006 | 1,354 | -348 |
| Net Other Assets/(Liabilities) | 245 | -1,490 | 1,735 |
| Lease Liabilities | -1,049 | -1,387 | 338 |
| **Net Assets** | **10,766** | **11,316** | **-550** |
| | | | |
| Cashflow from Trading[2] | 1,024 | 3,501 | -2,477 |
| Movement in Working Capital[2] | -1,481 | 792 | -2,273 |
| **Cash Inflow from Operations** | **-457** | **4,293** | **-4,750** |

Capital expenditures for the year totalled around $1.3 million (FY2025 $0.1 million), almost all for replacement inserter equipment (existing hardware was end-of-life by the supplier, so no longer supported) plus a minimal amount of IT hardware. The Company does not capitalise software development and all costs associated with the development and launch of nGAGE were expensed.

Net assets include intangible assets of around $1.1 million (no change from FY2025), which is all goodwill and subject to an annual impairment test.

SDL operates with a largely neutral working capital balance, meaning growth typically does not require additional investment of capital.

2 *Non-GAAP measures. Refer to Note 3.6 in the Financial Statements for GAAP performance measures.*

# Taxation, Dividends and Share Buyback

SDL pays full New Zealand tax on locally generated earnings. In FY2026 the Company earned a tax credit of $0.17 million. This tax gain stemmed from a $0.13 million Research and Development Tax Incentive (RDTI) that provides a 15% tax credit on eligible R&D.

SDL pays dividends only to the extent that it can fully impute them and also subject to the Company not experiencing any one-off requirements for abnormal capital expenditure or any significant acquisition or investment activity. SDL will pay a FY2026 final dividend of 2.0 cents per share, making a total of 4.0 cents per share for the year.

| Earnings and Dividends per Share | FY2026 | FY2025 | Percentage Change |
|---|---|---|---|
| Closing Shares on Issue ('000) | 14,214 | 14,720 | -3.4% |
| | | | |
| Reported Earnings per Share (cents) | 2.7 | 17.8 | -84.9% |
| | | | |
| Dividend per Share (cents) | 4.0 | 3.0 | 33.3% |
| Dividend Proportion Imputed | 100.0% | 100.0% | |
| | | | |
| Dividend Payout ratio | 153.7% | 16.8% | |

The final dividend of 2.0 cent per share will be fully imputed and paid on 25 September 2026.

The number of shares on issue declined as SDL continued its share buyback during FY2026. The Company has no outstanding ESOP rights at year end (FY2025: outstanding rights to 0.59 million shares).

SDL's share buyback acquired 0.49 million shares over FY2026 for a total cost of around $0.3 million. This reduced the outstanding share count by 3.4% to 14.2 million shares. The Company is unable to undertake share buybacks when it is in possession of material, non-public information or during the "black out" periods between interim and full year ends and reporting interim and annual results respectively. Should the share price remain around or near current levels and there is no material, non-public information available to directors, the Directors intend to continue the share buyback programme.

The current programme which commenced on 24 March 2026, is limited to 5% of SDL's outstanding share count, meaning only a further 0.47 million shares can be acquired up to March 2027 (unless shareholder approval is obtained to expand the buyback programme).

# Risk **Factors**

Mail volume in New Zealand, in line with global trends, continues to decline, with NZ Post continuing its ongoing significant annual increases in postage rates. The Company has several key domestic contracts that, if lost, could place material pressure on local profitability although much of this is under contract for the next two years. Consolidation in the New Zealand print market is inevitable. The Company emphasises it will not participate – the case for allocating further capital to a declining market seems difficult – unless there is clear value enhancement for shareholders.

SDL's largest five customers accounted for 43% of revenue (FY2025: 55%). Loss of one or more of these top five customers would cause financial results to change materially.

The Company's software provides critical document management, distributed print, and storage functions for its clients. SDL needs to ensure it continues to maintain appropriate levels of software development and quality control, along with well-trained staff for software delivery and support. Cyber and data security has been a known high-risk area which is difficult to fully mitigate and the risk has increased with the rise of increasingly sophisticated AI models. SDL maintains ISO270001 and SOC2 certification and reviews its IT and data security arrangements (including through the use of external consultants).

The Company operates a single site facility for its New Zealand print and mail house production, with an offsite for data and server backup, although most data and operations are now hosted in the cloud. The Directors are conscious of the operational risk a single site implies for digital imaging and mail house operations. SDL has a reciprocal disaster recovery ("DR") plan with another printing company, although capacity constraints may limit the effectiveness in meeting customer service level agreements.

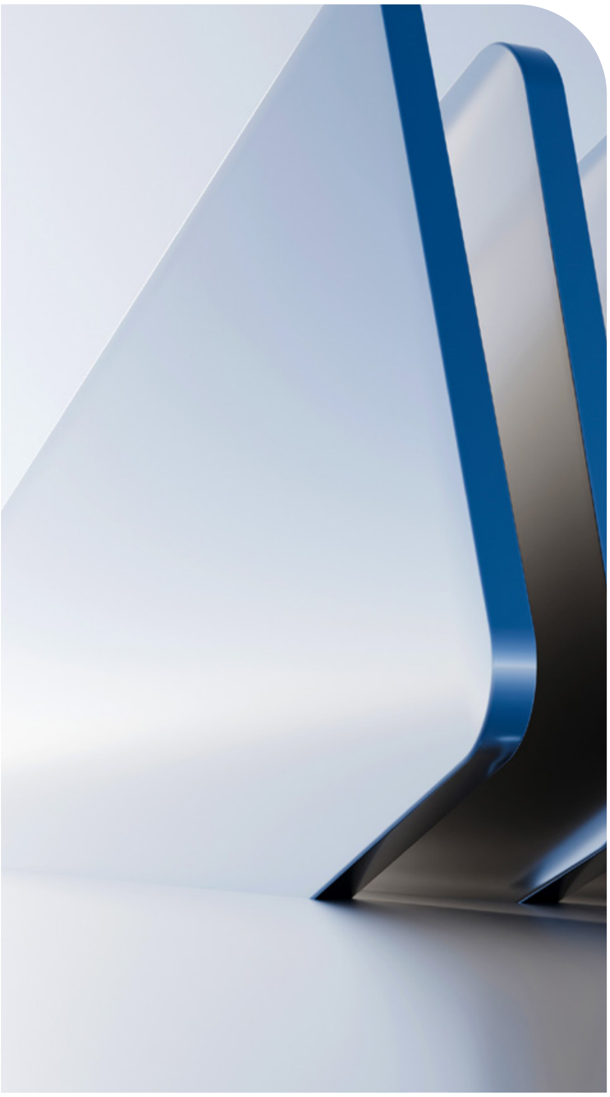
The Company relies on distribution channel partners to market some its software products internationally, although nGAGE in the UK is marketed directly to dentists by SDL's locally-based staff. This means SDL has little or no contact with some of the end user customers of its products. While these channel partner arrangements are currently stable there is no guarantee these arrangements will continue. SDL aims to ensure its software meets ongoing channel partner requirements.

While the risks noted represent ongoing challenges and headwinds, the market opportunities to help organisations with their global customer communications digital transformation can be significant. SDL holds a strong position in global postage management and distributed print, capturing significant savings as the first step in the digital transformation journey.

Leading customers and channel partners rely on SDL's digital document management platform and the Company's sales and marketing efforts enable growth in key vertical global markets. Nevertheless, current headwinds in the global environment, especially relating to macroeconomic conditions and Middle East hostilities, are producing significant uncertainty and this could materially affect the Company's results.

# FY2027 **Outlook**

In New Zealand, we estimate SDL continues to grow market share, although this has been more than offset by the ongoing decline in postal volumes (noting the significant increases in postage rates by NZ Post). In FY2027, we expect to gain new business as Council-owned water authorities commence billing. The combination of increased business from several customers, some modest new business wins during FY2025, plus new water utility billing, should see SDL's New Zealand operations continue to deliver a positive result in what remains a challenging environment.



The primary international revenue growth opportunity is converting and onboarding the UK dental practice pipeline. However, a full year of UK support costs will largely offset expected revenue growth and result in a similar impact on earnings for FY2027. There are further dental markets for nGAGE, including Australia and New Zealand, where SDL expects to commence sales activity in FY2027.

Additionally, the nGAGE software architecture means it is adaptable to other vertical markets. SDL's challenge is to profitably scale nGAGE firstly in the UK dental sector, which remains the primary focus, and then expand into other regions and verticals.

SDL continues to invest in software development, with agentic AI now assisting the speed and effectiveness of the development team; further productivity gains are expected in FY2027. AI is both a threat and opportunity in the customer communications market. It is fully embedded into nGAGE and utilised to assist in marketing campaign recommendations.

SDL is forecasting a net profit for FY2027 in the range of $0.4 million to $1.0 million (after a pre-tax impact of around $0.5 million from nGAGE).

The Company notes that significant volatility in results is possible and a number of factors, especially macroeconomic headwinds and Middle East hostilities, are outside the Company's control. Political instability remains elevated, which, along with domestic New Zealand conditions, makes forecasting difficult.

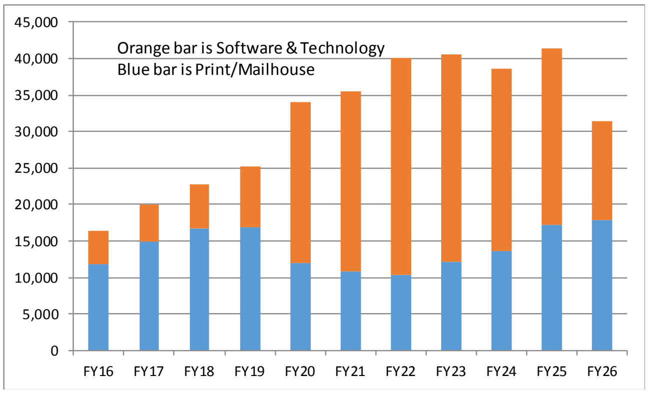
# Key **Financial Trend** Metrics

## Revenue ($ 000)

Revenue CAGR (10 year) 6.8%

Software CAGR (10 year) 13.1%

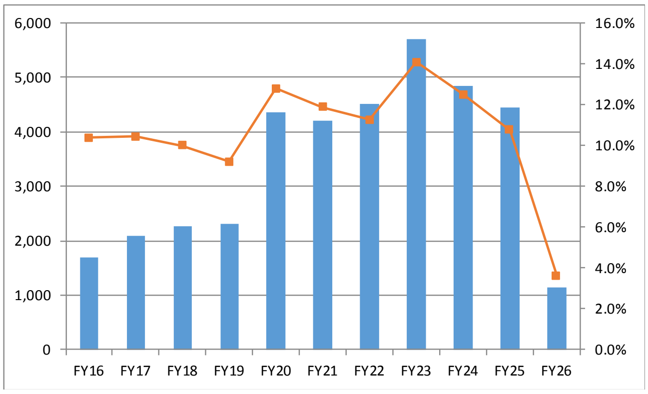
Print/Mail CAGR (10 year) 4.7%




## EBITDA ($ 000) & Margin (%)

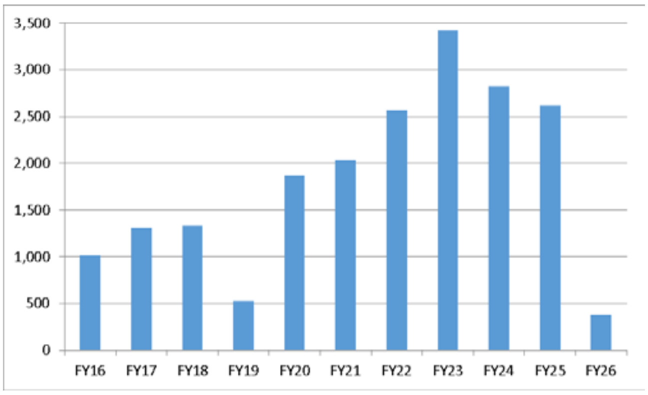
CAGR (10 year) -3.9%

EBITDA is as reported in financial statements, noting this is affected by the change of accounting standard to NZ IFRS 16 (accounting for leases) in FY2020 (increases reported EBITDA) so FY2020 onwards is not comparable with prior years.




## Net Profit ($ 000)

CAGR (10 year) -9.3%



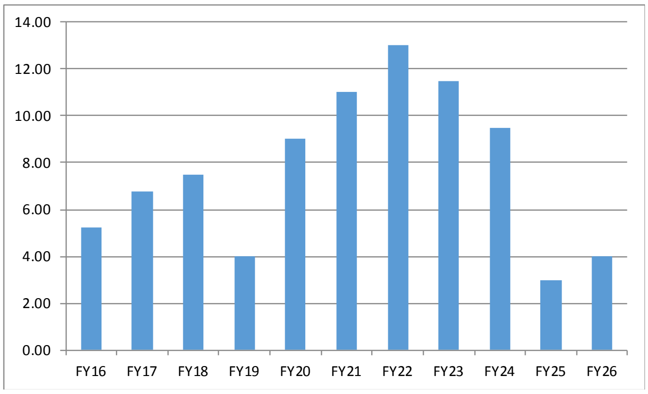

## Dividends (cents per share)

CAGR (10 year) -2.7%

Chart excludes imputation credits.

All dividends are fully imputed.

Total dividends last 10 years:
– 79.3 cents per share (cash)
– 110.1 cents per share (incl imputation)



# Independent Auditor's Report

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# INDEPENDENT AUDITOR'S REPORT

## To the Shareholders of Solution Dynamics Limited

### Report on the Audit of the Consolidated Financial Statements

#### Opinion

We have audited the consolidated financial statements of Solution Dynamics Limited and its subsidiaries ('the Group') on pages 24 to 52, which comprise the consolidated statement of financial position as at 30 June 2026, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 30 June 2026, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards ('NZ IFRS') and International Financial Reporting Standards ('IFRS').

Our report is made solely to the Shareholders of the Group. Our audit work has been undertaken so that we might state to the Shareholders of the Group those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Shareholders of the Group as a body, for our audit work or for our report.

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ('ISAs (NZ)'). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ('IESBA Code'), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor we have no relationship with, or interests in, Solution Dynamics Limited or any of its subsidiaries.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Key Audit Matter | How our audit addressed the key audit matter |
|---|---|
| **Revenue recognition**<br><br>For the year ended 30 June 2026, the Group recognised revenue of $31.17 million (2025: $40.92 million), comprising the rendering of services and sale of goods under contracts (refer Note 3.1(a) to the consolidated financial statements). The Group's revenue is derived from three key streams: digital printing and document services, sourced services, and digital software and technology services.<br><br>Revenue is recognised either:<br>• Over time, using the output method, as services are delivered to customers; or<br>• At a point in time, when control of goods transfers to the customer, typically upon delivery.<br><br>Revenue recognition was considered a key audit matter due to:<br>• The volume and complexity of the Group's customer contracts across multiple service lines.<br>• The significance of revenue to the Group's financial performance and position.<br>• The degree of judgement and estimation involved in identifying performance obligations, determining the timing of revenue recognition (over time vs point in time), and assessing whether service delivery had occurred at year-end.<br><br>Errors or misjudgements in revenue recognition—whether premature or deferred—could result in material misstatements in the financial statements. | Our procedures, which addressed the risk of material misstatement due to inappropriate revenue recognition, included among others:<br>• Understanding and evaluating the design and implementation effectiveness of the Group's controls over revenue recognition across each business stream.<br>• Understanding and evaluating the appropriateness of the Group's revenue recognition policies for each revenue stream against the requirements of NZ IFRS 15 *Revenue from Contracts with Customers* and evaluating whether the policies were applied consistently.<br>• Carrying out substantive testing and analytical review procedures over the Group's revenue streams to assess whether the accounting treatment is in line with the Group's revenue recognition processes and accounting policies.<br>  ○ For revenue recognised at a point in time, we examined a sample of invoices, delivery documents, and cash receipts to verify the occurrence and timing of revenue recognition.<br>  ○ For revenue recognised over time, we assessed progress toward satisfaction of performance obligations using the output method. We tested key inputs (such as units dispatched) to supporting documentation.<br>  ○ We performed cut-off testing on revenue transactions recorded near year-end to determine whether revenue was recognised in the correct reporting period.<br>  ○ We performed analytical procedures, including cash proofing by reconciling recorded revenue to cash receipts per the general ledger and bank statements, to test existence, completeness and accuracy of revenue.<br>• Evaluating the related disclosures (including the material accounting policy information and accounting estimates) in the Group's consolidated financial statements. |

| Key Audit Matter | How our audit addressed the key audit matter |
|---|---|
| **Impairment assessment of goodwill**<br><br>As disclosed in Note 4.5 of the Group's consolidated financial statements, the Group has goodwill of $1.06m allocated to its Electronic Content Management cash-generating unit ('CGU').<br><br>Goodwill was significant to our audit due to the size of the assets and the subjectivity, complexity and uncertainty inherent in the measurement of the recoverable amount of the CGU for the purpose of the required annual impairment test. The measurement of a CGU's recoverable amount includes the assessment and calculation of its 'value in-use'.<br><br>Management has completed the annual impairment test for the CGU as at 30 June 2026.<br><br>This annual impairment test involves complex and subjective estimation and judgement by Management on the future performance of the CGU, discount rates applied to the future cash flow forecasts, the terminal growth rates, and future market and economic conditions. | Our audit procedures among others included:<br><br>• Understanding and evaluating the Group's internal controls relevant to the accounting estimates used to determine the recoverable amount of the Group's CGU.<br><br>• Evaluating Management's determination of the Group's CGU based on our understanding of the nature of the Group's business and the economic environment in which the segments operate. We have also analyse the internal reporting of the Group to assess how operations are monitored and reported.<br><br>• Challenging Management's assumptions and estimates used to determine the recoverable amount of the CGU, including those relating to forecast free cash flows, growth rates and discount rates.<br><br>Procedures included:<br>o Evaluating the logic of the value-in-use calculation supporting Management's annual impairment test and testing the mathematical accuracy of the calculation;<br>o Evaluating Management's process regarding the preparation and review of forecasts;<br>o Comparing forecasts to Board approved forecasts;<br>o Evaluating the historical accuracy of the Group's forecasting to actual historical performance;<br>o Challenging and evaluating the forecast growth assumptions;<br>o Evaluating the inputs to the calculation of the discount rates applied;<br>o Engaging our own internal valuation expert to evaluate the logic of the value-in-use calculation and the inputs to the calculation of the discount rates applied;<br>o Evaluating the forecasts, inputs and any underlying assumptions with a view to identifying Management bias;<br>o Evaluating Management's sensitivity analysis for reasonably possible changes in key assumptions; and<br>o Performing our own sensitivity analyses for reasonably possible changes in key assumptions, the two main assumptions being: the discount rate and forecast growth assumptions. |

| Key Audit Matter | How our audit addressed the key audit matter |
|---|---|
| | • Evaluating the related disclosures (including the material accounting policy information and accounting estimates) in the Group's consolidated financial statements. |

## Other Information

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2026 (but does not include the consolidated financial statements and our auditor's report thereon).

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the Directors for the Consolidated Financial Statements

The Directors are responsible on behalf of the Group for the preparation and fair presentation of the consolidated financial statements in accordance with NZ IFRS and IFRS, and for such internal control as the Directors determine is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible on behalf of the Group for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

bakertilly
STAPLES RODWAY

A further description of the auditor's responsibilities for the audit of the consolidated financial statements is located at the External Reporting Board's website at:
https://www.xrb.govt.nz/standards/assurance-standards/auditors-responsibilities/audit-report-1-1/.
This description forms part of our auditor's report.

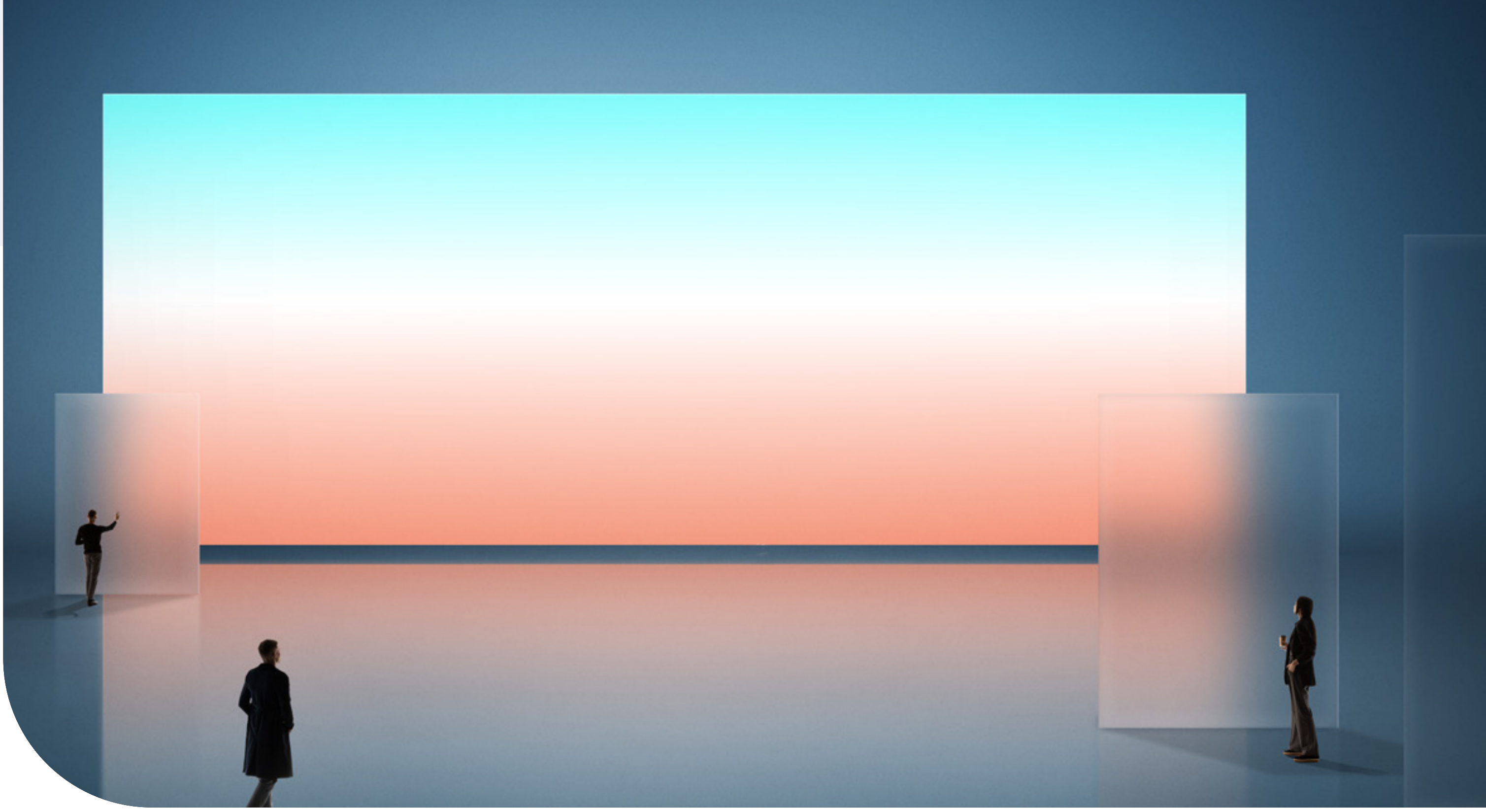
The engagement partner on the audit resulting in this independent auditor's report is J A Daubney.

Baker Tilly Staples Rodway

**BAKER TILLY STAPLES RODWAY AUCKLAND**

**Auckland, New Zealand**

27 August 2026



# Consolidated Financial Statements

For the year ended 30 June 2026

# Consolidated Financial Statements

## Consolidated Statement of Comprehensive Income

For the year ended 30 June 2026

| | Note | 2026 $000 | 2025 $000 |
|---|---|---|---|
| Revenue from contracts with customers | 3.1 (a) | 31,174 | 40,919 |
| Other income | 3.1 (a) | 241 | 405 |
| **Total Revenue and Income** | | **31,415** | **41,324** |
| Changes in inventories of finished goods and work in progress | 3.1 (b) | 16,208 | 20,766 |
| Raw materials and consumables used | 3.1 (b) | 6,571 | 6,272 |
| Employee benefit expenses | 3.2 (a) | 4,341 | 6,935 |
| Other expenses | | 3,162 | 2,905 |
| **Earnings before Interest, Tax, Depreciation & Amortisation (EBITDA)** | **3.6** | **1,133** | **4,446** |
| Depreciation | 4.4, 4.7 | 945 | 861 |
| Amortisation | 4.5 (b) | 60 | 60 |
| Finance costs | 5.4 | 83 | 94 |
| Finance income | 5.4 | (169) | (217) |
| **Net Finance costs/(income)** | | **(86)** | **(123)** |
| | | | |
| **Profit before Income Tax** | | **214** | **3,648** |
| Income tax | 3.3 (a) | (168) | 1,029 |
| **Net Profit after Income Tax** | | **382** | **2,619** |
| | | | |
| **Other Comprehensive Income** | | | |
| Items that may be reclassified subsequently to profit and loss: | | | |
| Exchange gain/(loss) on translation of foreign operations | | 94 | 86 |
| **Other Comprehensive Gain/(Loss) Net of Tax** | | **94** | **86** |
| **Total Comprehensive Income for the Year** | | **476** | **2,705** |
| | | | |
| **Earnings per Share – Net Profit after Tax** | | **Cents** | **Cents** |
| Basic earnings per share | 3.4 | 2.7 | 17.8 |
| Diluted earnings per share | 3.4 | 2.7 | 17.8 |

The accompanying notes on pages 28–52 form part of the Consolidated Financial Statements.

## Consolidated Statement of Changes in Equity

For the year ended 30 June 2026

| | Share Capital $000 | Employee Share Option Plan $000 | Foreign Currency Translation Reserve $000 | Accumulated Profit $000 | Total Equity $000 |
|---|---|---|---|---|---|
| **Balance 30 June 2024** | **5,574** | **166** | **21** | **3,241** | **9,002** |
| Lapse of share options to employees | - | (14) | - | - | (14) |
| Share buybacks | (9) | - | - | - | (9) |
| Dividends paid | - | - | - | (368) | (368) |
| **Transactions with Owners** | **(9)** | **(14)** | **-** | **(368)** | **(391)** |
| Profit for the year after tax | - | - | - | 2,619 | 2,619 |
| Other comprehensive income | - | - | 86 | - | 86 |
| **Total Comprehensive Income** | **-** | **-** | **86** | **2,619** | **2,705** |
| **Balance 30 June 2025** | **5,565** | **152** | **107** | **5,492** | **11,316** |
| Issue of share options to employees | - | (152) | - | 152 | - |
| Share buybacks | (295) | - | - | - | (295) |
| Dividends paid | - | - | - | (731) | (731) |
| **Transactions with Owners** | **(295)** | **(152)** | **-** | **(579)** | **(1026)** |
| Profit for the year after tax | - | - | - | 382 | 382 |
| Other comprehensive income | - | - | 94 | - | 94 |
| **Total Comprehensive Income** | **-** | **-** | **94** | **382** | **476** |
| **Balance 30 June 2026** | **5,270** | **-** | **201** | **5,295** | **10,766** |

The accompanying notes on pages 28–52 form part of the Consolidated Financial Statements.

## Consolidated Statement of Financial Position

As at 30 June 2026

| | Note | 2026 $000 | 2025 $000 |
|---|---|---|---|
| **Current Assets** | | | |
| Cash and cash equivalents | 4.1(a) | 4,712 | 6,693 |
| Short-term cash deposits | 4.1(b) | 3,000 | 4,500 |
| Trade & other receivables | 4.2 | 4,215 | 3,754 |
| Inventories | 4.8 | 165 | 329 |
| Prepayments | | 408 | 578 |
| Provision for taxation | | 175 | - |
| **Total Current Assets** | | **12,675** | **15,854** |
| **Current Liabilities** | | | |
| Trade and other payables | 4.3 | 3,412 | 4,101 |
| Deferred contract revenue | | 507 | 407 |
| Provision for taxation | | - | 682 |
| Lease liability | 5.2 | 800 | 735 |
| Employee benefit liabilities | 4.6 | 663 | 693 |
| **Total Current Liabilities** | | **5,382** | **6,618** |
| **Working Capital** | | **7,293** | **9,236** |
| **Non-Current Assets** | | | |
| Property, plant & equipment | 4.7 | 1,373 | 220 |
| Right of use assets | 4.4 | 1,006 | 1,354 |
| Goodwill & intangible assets | 4.5 | 1,121 | 1,181 |
| Deferred tax benefit | 3.3 (b) | 358 | 245 |
| **Total Non-Current Assets** | | **3,858** | **3,000** |
| **Non-Current Liabilities** | | | |
| Lease liability | 5.2 | 249 | 652 |
| Long-term employee benefit liabilities | 4.6 | 136 | 268 |
| **Total Non-Current Liabilities** | | **385** | **920** |
| **Net Assets** | | **10,766** | **11,316** |
| **Equity** | | | |
| Share capital | 5.1 | 5,270 | 5,565 |
| Employee share option plan | | - | 152 |
| Foreign currency translation reserve | | 201 | 107 |
| Accumulated profit | | 5,295 | 5,492 |
| **Total Equity** | | **10,766** | **11,316** |

For and on behalf of the Board who approved these financial statements for issue on 27 August 2026.

John McMahon – Director
(Chair)

Andy Preece – Director
(Chair Audit & Risk Management Committee)

The accompanying notes on pages 28–52 form part of the Consolidated Financial Statements.

## Consolidated Statement of Cash Flows

For the year ended 30 June 2026

| | Note | 2026 $000 | 2025 $000 |
|---|---|---|---|
| **Cash Flows from Operating Activities** | | | |
| Cash was provided from: | | | |
| Receipts from customers | | 34,907 | 44,911 |
| Other income | | 235 | 405 |
| | | **35,142** | **45,316** |
| Cash was applied to: | | | |
| Payments to suppliers and employees | | 34,238 | 39,989 |
| Income tax paid | | 802 | 628 |
| GST and VAT paid | | 559 | 406 |
| | | **35,599** | **41,023** |
| **Net Cash (Outflows)/Inflows from Operating Activities** | **3.5** | **(457)** | **4,293** |
| **Cash Flows from Investing Activities** | | | |
| Cash was applied to: | | | |
| Transfer to short-term cash deposits | | 3,000 | 4,500 |
| Purchase of property, plant and equipment & capital works in progress | | 1,319 | 65 |
| | | **4,319** | **4,565** |
| Cash was provided from: | | | |
| Interest received | | 169 | 217 |
| Transfer in from Term Deposits | | 4,500 | 3,000 |
| | | **4,669** | **3,217** |
| **Net Cash Inflows/(Outflows) from Investing Activities** | | **350** | **(1,348)** |
| Cash Flows from Financing Activities | | | |
| Cash was applied to: | | | |
| Payment of dividends | | 731 | 368 |
| Share buy backs | | 295 | 9 |
| Interest paid | | 83 | 94 |
| Lease liability payments | | 765 | 731 |
| | | **1,874** | **1,202** |
| **Net Cash Outflows from Financing Activities** | | **(1,874)** | **(1,202)** |
| **Net Change in Cash and Cash Equivalents** | | **(1,981)** | **1,743** |
| Add cash and cash equivalents held at beginning of year | | 6,693 | 4,950 |
| **Cash and Cash Equivalents at End of Year** | **4.1(a)** | **4,712** | **6,693** |

The accompanying notes on pages 28–52 form part of the Consolidated Financial Statements.

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2026

The notes to the consolidated financial statements are presented as follows:

## 1. Corporate Information

The consolidated financial statements include the accounts of Solution Dynamics Limited (SDL or Company) and its subsidiaries, collectively the Group for the year ended 30 June 2026 were authorised for issue in accordance with a resolution of directors on 27 August 2026.

Solution Dynamics Limited is a public company incorporated and domiciled in New Zealand and is listed on the New Zealand Stock Exchange (NZX). The registered office is located at 18 Canaveral Drive, Albany in Auckland.

| | | Proportion of Ownership Interests (%) | |
|---|---|---|---|
| **Entity name** | **Country of Incorporation and Primary Place of Business** | **2026** | **2025** |
| Solution Dynamics International | United Kingdom | 100% | 100% |
| Solution Dynamics Incorporated | United States of America | 100% | 100% |
| Solution Dynamics Australia Pty Ltd | Australia | 100% | 100% |
| Déjar International Limited | New Zealand | 100% | 100% |

### Nature of Operations

The Group offers a range of integrated solutions encompassing data management, electronic digital printing, document distribution, web presentation and archiving, campaign management solutions, fulfilment, traditional print services, scanning, data entry and document management.

### Accounting Framework

The parent company, Solution Dynamics Limited, is a profit-oriented entity, domiciled in New Zealand, registered under the companies Act 1993 and listed on the New Zealand Stock Exchange. Solution Dynamics Limited is an FMC Reporting Entity under the Financial Markets Conducts Act 2013 and the Financial Reporting Act 2013.

## 2. Basis of preparation

### 2.1 Statement of Compliance

The consolidated financial statements of the Group comply with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS) as appropriate for a profit orientated entity.

### 2.2 Basis of measurement and consolidation

#### (i) Rounding and presentation

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the entity operates (the ‘functional currency’). The consolidated financial statements are presented in New Zealand dollars, which is the Company’s functional currency and the Group’s presentation currency and expressed in $000’s.

The consolidated financial statements have been prepared under the assumption that the Group operates as a going concern.

#### (ii) Measurement

The consolidated financial statements have been prepared on the historical cost basis but modified, where applicable, by the measurement and/or disclosure of fair value of selected financial assets and financial liabilities (refer note 6.3).

#### (iii) Translation of the Financial statements into NZD

Transactions in foreign currencies are initially recorded by the Group entities at the respective functional currency using the monthly closing rate at the date of the transaction. The assets and liabilities are translated at the closing rate at the reporting year end. The revenue and expenses are translated at exchange rates at the date of the transactions or where appropriate with average monthly rates. All resulting exchange differences arising on this translation are recognised in the foreign currency translation reserve.

#### (iv) Group entities

All subsidiaries have a 30 June 2026 reporting date and consistent accounting policies are applied. Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

#### (v) Material accounting policies and Critical Accounting Judgements and Key Sources of Estimation Uncertainty

The Group's material accounting policy information is provided in the relevant notes to the financial statements.

In the application of the Group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Information regarding the Group's Critical Accounting Judgements and Key Sources of Estimation Uncertainty is provided in the relevant notes to the financial statements, including:

- Annual goodwill impairment testing (Note 4.5a).
- Right-of-use assets (Note 4.4)
- Revenue from contracts with customers (Note 3.1).

### 2.3 Changes in Accounting Policies

The accounting policies and disclosures are consistent with those of the previous year.

### 2.4 New Standards, Interpretations and Amendments

#### (i) New standards mandatorily effective during the period

No new or amended standards and interpretations that became effective for the year ended 30 June 2026 have had a material impact to the Group.

#### (ii) Issued, but not yet effective

NZ IFRS 18 Presentation and Disclosure in Financial Statements is effective for the year ended 30 June 2028 and will impact the presentation of the Statement of Profit or Loss and Other comprehensive Income, with an allocation of income and expenses between operating, investing and financing categories, and new sub-totals such as Operating profit. Financial performance measures used to explain the Group financial performance in public communications outside the financial statements will also be required to be disclosed, and there is enhanced guidance on the aggregation and disaggregation of information. The Group is assessing the effect of applying NZ IFRS 18.

Apart from the standards mentioned above, the Group does not anticipate that any other newly issued or amended IFRS standards, which are not yet effective, will have a material impact on the recognition or measurement of assets, liabilities, income, or expenses in the Group's consolidated financial statements.

## 3. Group performance

This section of the notes to the Consolidated financial Statements provides information on the Group's financial performance and the returns provided to equity holders, including:

- 3.1 Revenue, Income, and Segment Reporting
- 3.2 Expenses
- 3.3 Income and deferred tax
- 3.4 Earnings per share
- 3.5 Reconciliation (operating cash flows)
- 3.6 Non-GAAP performance measures

### 3.1 Revenue, Income, and Segment Reporting

**Accounting policy**

Revenue is recognised when control of a product or service, or a distinct performance obligation is transferred to the customer. Where multiple products or services are sold in a single arrangement, revenue is recognised for each distinct good or service. There is no financing component/significant payment terms.

**Digital Printing & Document Services revenue**

Service revenue is earned from providing mail house operations, high-volume postal business and ancillary document handling operations such as automated envelope inserting and flow-wrap. The lodgments and distribution of these documents is managed using a variety of machines and processes.

Alongside our services, we offer Digital Mail Centre (DMC) enabling customers/users to generate print, email, or SMS communications from pre-configured templates. Customer/users manage and create their own templates using template builders within the system.

Revenue is recognised over time using the output method as the relevant services are completed and delivered to the customer.

**Outsourced Services revenue**

Outsourced services revenue is earned on combined functions or components such as postage, third party offset printing, freight, paper and envelopes. These are integrated into the above service offerings. Long-term arrangements have been established with key suppliers such as NZ Post, for the provision of these services.

For performance obligations involving the delivery of goods (e.g., paper, envelopes), revenue is recognised at the point in time when control is transferred to the customer, usually upon receipt of the goods.

For services where the customer benefits from the service as it is performed, revenue is recognised over time via the output method. The measure of progress toward satisfying these performance obligations is determined based on the extent of services delivered or consumed by the customer during the period.

**Digital Software & Technology revenue**

Software platforms are leveraged to onboard customers, facilitate the sending and tracking of documentation through physical and digital channels and manage archiving and retrieval processes using a SaaS model (software as a service arrangement). Revenue earned from the platform can be structured as a monthly subscription or charged on a per-document basis.

Revenue earned is recognised over-time via the output method as customers simultaneously and continuously derive the benefit from their subscription rights or at a point in time on a per- document basis as the performance obligation is met instantly with a customer self-generated digital print.

**Segment Reporting**

The Group operates in one business segment, the supply of customer communication solutions. These include a range of integrated document management products and services separated into three streams; Software & Technology, Digital Printing & Document Handling Services and Outsourced revenue.

An overhead structure including sales, marketing and administration departments provides services for all of the above revenue streams.

This note does not contain reconciling items, as the same accounting standards and policies have been consistently applied in the preparation of both and note as those used to prepare the financial statements.

### 3.1(a) Revenue from contracts with customers

| 2026 | Digital Printing & Document Services | Outsourced Services | Digital Software & Technology | Total |
|---|---|---|---|---|
| Revenue recognised over time | 4,001 | 12,793 | 12,630 | 29,424 |
| Revenue recognised at a point in time | - | 862 | 888 | 1,750 |
| **Total** | **4,001** | **13,655** | **13,518** | **31,174** |

| 2025 | Digital Printing & Document Services | Outsourced Services | Digital Software & Technology | Total |
|---|---|---|---|---|
| Revenue recognised over time | 4,512 | 11,483 | 23,085 | 39,080 |
| Revenue recognised at a point in time | - | 798 | 1,041 | 1,839 |
| **Total** | **4,512** | **12,281** | **24,126** | **40,919** |

### Other income

| | 2026 $000 | 2025 $000 |
|---|---|---|
| Government grant income | 83 | 214 |
| Other income | 158 | 191 |
| **Other income** | **241** | **405** |

### 3.1(b) Segment Consolidated Statement of Profit or Loss

| | Note | 2026 $000 | % | 2025 $000 | % |
|---|---|---|---|---|---|
| Software & Technology | | 13,518 | 43% | 24,126 | 58% |
| Digital Printing & Document Handling Services | | 4,001 | 13% | 4,512 | 11% |
| Outsourced services | | 13,655 | 43% | 12,281 | 30% |
| Other Income | | 241 | 1% | 405 | 1% |
| **Total Revenue and Income** | | **31,415** | **100%** | **41,324** | **100%** |
| Less: Changes in inventories of finished goods and work in progress | | 16,208 | 52% | 20,766 | 50% |
| Raw materials and consumables used | | 6,571 | 20% | 6,272 | 15% |
| Other expenses | | 7,503 | 24% | 9,840 | 24% |
| **Earnings before Interest, Tax, Depreciation & Amortisation** | **3.6** | **1,133** | **4%** | **4,446** | **11%** |
| Less: | | | | | |
| Depreciation | | 945 | 3% | 861 | 3% |
| Amortisation | | 60 | 0% | 60 | 1% |
| Finance income | | (169) | 0% | (217) | (1%) |
| Finance cost | | 83 | 0% | 94 | 1% |
| Tax | | (168) | 0% | 1,029 | 3% |
| **Net Profit after Income tax** | | **382** | **1%** | **2,619** | **7%** |

#### (i) Segment Assets

Assets are not segmented between service streams.

#### (ii) Information about Top Five Customers

Included in revenues for the Group of $31.17 million (2025: $40.92 million) are revenues of $13.43 million (2025: $22.33 million) which arose from sales to the top five customers in the Group.

### 3.1(c) Geographical Information

The Group has customers in New Zealand, Australia, United States of America and Europe.

| | Revenue from external customers | | | | Non-Current Assets | | | |
|---|---|---|---|---|---|---|---|---|
| | 2026 | | 2025 | | 2026 | | 2025 | |
| | $000 | % | $000 | % | $000 | % | $000 | % |
| New Zealand | 20,850 | 67.0% | 19,777 | 48.0% | 3,844 | 99.6% | 2,994 | 99.8% |
| Australia | 1,189 | 4.0% | 1,155 | 3.0% | - | 0.0% | - | 0.0% |
| United States of America | 3,748 | 12.0% | 15,467 | 38.0% | 4 | 0.1% | 2 | 0.1% |
| Europe | 5,387 | 17.0% | 4,520 | 11.0% | 10 | 0.3% | 4 | 0.1% |
| **Total** | **31,174** | **100%** | **40,919** | **100.0%** | **3,858** | **100%** | **3,000** | **100%** |

### 3.2 Expenses
### 3.2 (a) Employee benefit expenses

| | 2026 $000 | 2025 $000 |
|---|---|---|
| | 192 | 228 |
| Short-term employee benefits | 3,841 | 6,306 |
| Defined contribution plans | 308 | 414 |
| Share-based payment expense | - | (13) |
| **Total Employee Benefit Expenses** | **4,341** | **6,935** |

### 3.2 (b) Expenses

| | 2026 $000 | 2025 $000 |
|---|---|---|
| | 17,374 | 21,433 |
| Other Expenses | 7,274 | 7,515 |
| Research & development | 1,170 | 873 |
| **Total** | **25,818** | **29,821** |
| | | |
| **Auditor’s Remuneration** | | |
| Audit fees –Audit of the Consolidated Financial Statement, Baker Tilly Staples Rodway, Auckland | 123 | 122 |
| **Total Auditors’ Remuneration** | **123** | **122** |
| | | |
| **Total Expenses** | **25,941** | **29,943** |
| **Total Operating Expenses** | **30,282** | **36,878** |

### 3.3 Income and deferred tax 3.3(a) Current Tax
### 3.3(a) Current Tax

| | 2026 $000 | 2025 $000 |
|---|---|---|
| Income tax expense comprises: | | |
| Current tax expense | (56) | 1,048 |
| Deferred tax movement relating to the origination and reversal of temporary differences | (112) | (19) |
| **Total Tax Expense** | **(168)** | **1,029** |
| The total charge for the reporting period can be reconciled to the accounting profit as follows: | | |
| Net profit before income tax | 214 | 3,648 |
| Income tax at company tax rate (1) | 60 | 1,019 |
| Permanent differences | (5) | 10 |
| Under / (over) provision in prior years | (1) | (102) |
| RDTI credits received / receivable | (206) | - |
| Other | (16) | 102 |
| **Income Tax Expense** | **(168)** | **1,029** |

(1) The Group tax rate of 28% (2025: 28%) has been used. This is the tax rate applicable to the territory where Solution Dynamics Limited, the primary tax paying entity, is domiciled.

### 3.3(b) Deferred Tax Asset

| | 2026 $000 | 2025 $000 |
|---|---|---|
| **Temporary Differences** | | |
| Property, Plant and equipment | (68) | (9) |
| Right-of-use assets | (282) | (379) |
| Lease liabilities | 294 | 388 |
| Employee benefit liabilities | 219 | 232 |
| Accruals and provisions | 63 | 13 |
| Tax losses recognised in deferred tax | 132 | - |
| **Deferred Tax Asset** | **358** | **245** |

Deferred tax assets are only recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences and unused tax losses can be utilised.

| | 2026 $000 | 2025 $000 |
|---|---|---|
| **Deferred Tax Asset Movement** | | |
| Balance at beginning of period | 245 | 226 |
| Current year movement through profit or loss | 113 | 19 |
| **Balance at End of Year** | **358** | **245** |

### 3.3(c) Imputation Credit Balance

| | 2026 $000 | 2025 $000 |
|---|---|---|
| **Balance at beginning of year** | **1,363** | **597** |
| New Zealand Tax Payments, net of refunds | 220 | 909 |
| Imputation credits attached to dividends paid | (284) | (143) |
| **Balance at end of year** | **1,299** | **1,363** |

### 3.4 Earnings Per Share (EPS)

| | 2026 | 2025 |
|---|---|---|
| **Net Profit for the Year Attributable to Ordinary Shareholders ($000)** | **382** | **2,619** |
| Basic | | |
| **Weighted Average Number of Ordinary Shares (000's)** | **14,214** | **14,706** |
| **Basic Earnings Per Share (Cents)** | **2.7** | **17.8** |

Basic earnings per share is calculated by dividing the net profit after tax attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the reporting period, adjusted for bonus elements in ordinary shares issued during the reporting period.

| | 2026 | 2025 |
|---|---|---|
| **Diluted** | | |
| Weighted average number of ordinary shares (000's) | 14,214 | 14,706 |
| Adjustment for share options (000's) | - | - |
| **Weighted Average** | **14,214** | **14,706** |
| **Diluted Earnings per Share (Cents)** | **2.7** | **17.8** |

Diluted earnings per share are calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all potentially dilutive ordinary shares. Options are convertible into the Company's shares and are therefore considered dilutive securities for diluted earnings per share.

### 3.5 Reconciliation of net profit after income tax for year with net cash inflow from operating activities

| | 2026<br>$000 | 2025<br>$000 |
|---|---|---|
| Net profit after income tax | 382 | 2,619 |
| **Adjustments:** | | |
| Depreciation and amortisation of assets | 1,005 | 921 |
| Loss / (gain) on foreign exchange | (152) | (191) |
| Net Interest expense | (169) | (123) |
| Other non-cash items | 15 | 275 |
| **Cash Flow from Trading** | **1,081** | **3,501** |
| Add movements in working capital: | | |
| Increase / (decrease) in trade & other receivables | (461) | 107 |
| Decrease / (increase) in inventories and work in progress | 164 | (58) |
| Decrease / (increase) in prepayments | 170 | (114) |
| Increase / (decrease) in provision for taxation | (857) | 401 |
| Decrease / (increase) in trade creditors & other current liabilities | (524) | 369 |
| Increase/ (decrease) in other non-financial liabilities | - | (19) |
| Increase / (decrease) in employee benefit liabilities | (30) | 106 |
| **Net Movement in Working Capital** | **(1,538)** | **792** |
| **Net Cash Flows from Operating Activities** | **(457)** | **4,293** |

### 3.6 Non-GAAP performance measure

The Group uses a non-GAAP performance measure, Earnings before Interest, Tax, Depreciation, Amortisation (EBITDA), that does not have a standardised meaning prescribed by NZ GAAP. EBITDA is included in the financial statements of the Group to provide useful information to readers in order to assist in the understanding of the Group's financial performance. EBITDA should not be viewed in isolation nor be used as a substitute for measures reported in accordance with NZ GAAP.

The Group calculates EBITDA by adding back depreciation and amortisation, finance expense, tax expense and subtracting finance income. A reconciliation of the Group's EBITDA is provided below and based on amounts taken from, and consistent with, those presented in these financial statements.

| | 2026<br>$000 | 2025<br>$000 |
|---|---|---|
| **Reconciliation of Net Profit before Tax to EBITDA** | | |
| Net profit before income tax | 214 | 3,648 |
| Less: Interest income | (169) | (217) |
| Add back: Finance expense | 83 | 94 |
| Add Back: Depreciation and amortisation expenses | 1,005 | 921 |
| **Earnings before Other Income and Expense, Income Tax, Depreciation and Amortisation (EBITDA)** | **1,133** | **4,446** |

## 4. Assets and Liabilities

This section of the notes to the Consolidated financial Statements provides information on the Group's short-term assets and liabilities that impact the Group's net operating cash flows, as well as long-term assets utilised in business operations to generate returns to shareholders, including:

4.1 Cash and cash equivalents and short-term deposits
4.2 Trade & other receivables
4.3 Trade & other payables
4.4 Right of use assets
4.5 Goodwill and intangible assets
4.6 Employee benefit liabilities
4.7 Property, Plant and Equipment
4.8 Inventories

### 4.1 Cash & Cash Equivalents and Short-term deposits

#### 4.1(a) Cash & Cash Equivalents

| | 2026<br>$000 | 2025<br>$000 |
|---|---:|---:|
| Cash at bank (Note 6.2 (b)) | 4,712 | 6,693 |
| **Total Cash and Cash Equivalents** | **4,712** | **6,693** |

Interest rates on cash and cash equivalents:

Cash at bank 0.9% – 2.1% (2025: 3.75% – 1.60%)

Solution Dynamics has a $200,000 overdraft facility in place with the ANZ Bank at an interest rate of 7.95% p.a. (2025: 8.65%). This facility, which was unused as at 30 June 2026, is to support the operational requirements of the Group. It is interest only and is secured by first ranking debenture over the assets of the Group.

#### 4.1(b) Short-term deposits

| | 2026<br>$000 | 2025<br>$000 |
|---|---:|---:|
| Short-term deposits (greater than 3 months maturity) | 3,000 | 4,500 |
| **Total Short-Term Deposits** | **3,000** | **4,500** |

Interest rates on short-term deposits:

Short-term deposits 3.4% – 3.7% (2025: 4.05% – 4.18%)

As at 30 June 2026 the ANZ Bank has imposed no financial covenants to secure the existing facilities. The Group holds a net cash position with no bank debt (2025: $Nil).

As at 30 June 2026 SDL provided commercial guarantees totaling $65,000 (2025: $115,500) to the Group's suppliers.

### 4.2 Trade & Other Receivables

| | 2026<br>$000 | 2025<br>$000 |
|---|---:|---:|
| Trade receivables | 3,989 | 3,758 |
| Credit loss allowance | - | (79) |
| **Total Trade Receivables** | **3,989** | **3,679** |
| Sundry debtors | 226 | 75 |
| **Total Trade and Other Receivables** | **4,215** | **3,754** |

**Trading terms & aging of past due trade receivables**

The Group's trading terms require settlement by the 20th of the month following the date of invoice. At the reporting date the Group had past due debtors of $143,000 (2025: $218,000) for which no allowance has been made (2025: $79,000). With average receivables past due at 3.59% of total receivables (2025: 5.81%) there has not been a significant change in credit quality, therefore the amounts are considered recoverable. The Group does not hold any collateral over these balances.

| | 2026<br>$000 | 2025<br>$000 |
|---|---:|---:|
| 30 – 60 days | 22 | 84 |
| 60 – 90 days | 64 | 52 |
| 90 – 120 days | 15 | 1 |
| 120 days plus | 42 | 81 |
| **Total Overdue Trade Receivables** | **143** | **218** |

**Movement in allowance for credit losses**

| | 2026<br>$000 | 2025<br>$000 |
|---|---:|---:|
| Balance at the beginning of the reporting period | 79 | 79 |
| Accounts written off as uncollectible or (recovered) | (79) | - |
| **Total Allowance for Credit Losses** | **-** | **79** |

In assessing the recoverability of trade receivables, the Group considers any change in the quality of the trade receivables from the date that the credit was initially granted up to the reporting date. The concentration of credit risk is limited with the largest customer comprising 10% (2025: 1.74%) of the gross trade receivable balance, as at 30 June 2026, 97.0% of the outstanding balance was less than 60 days old (2025: 96.0%). Accordingly, the directors believe that no further adjustments are required in excess of the allowance for credit losses.

The directors do not consider there to be any expected credit loss in addition to the credit losses recorded above.

### 4.3 Trade and other payables

| | Note | 2026 $000 | 2025 $000 |
|---|---|---|---|
| Trade and other payables | 6.3 | 3,412 | 4,101 |
| **Total Trade and Other Payables** | | **3,412** | **4,101** |

Trade payables are unsecured and are usually paid within 60 days of recognition.

### 4.4 Right-of-use Asset

**Accounting policy**

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term. The Group currently has no short-term or low value leases.

**Critical Accounting Judgements and Key Sources of Estimation Uncertainty**

At inception of a contract, SDL uses judgement in assessing whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, SDL assesses whether:

- The contract involves the use of an identified asset
- SDL has the right to obtain substantially all the economic benefits from use of the asset throughout the period of use
- SDL has the right to direct the use of the asset

At inception or on reassessment of a contract that contains a lease component, SDL allocates the consideration in the contract to each lease component on the basis of their relative stand- alone prices. SDL recognises a right-of-use asset at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. SDL determines the lease term as a non-cancellable lease term including renewals that are reasonably assured.

In assessing the lease liability an incremental borrowing rate is applied to lease liabilities recognised under NZ IFRS 16. This is 4.50% (2025: 4.50%) for property and 10.00% (2025: 14.65%) on plant & equipment. The incremental borrowing rate is the estimated rate that SDL would have to pay to borrow the same amount over a similar term, and with similar security to obtain an asset of equivalent value. The lease term is the non-cancellable period of a lease, together with periods covered by an option (available to the lessee only) to extend or terminate the lease if the lessee is reasonably certain to exercise/not to exercise that option. The property lease is currently a five (5) year term lease and further rights of renewal options are currently available, but not yet taken up.

Rent increases are calculated on a fixed percentage basis, on renewal date.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically assessed for impairment losses and adjusted for certain remeasurements of the lease liability.

| | Right-of-use Assets | | |
|---|---|---|---|
| | Property $000 | Plant $000 | Total $000 |
| **Cost** | | | |
| **Balance 1 July 2024** | **4,740** | **335** | **5,075** |
| Disposals | 303 | - | 303 |
| **Balance 30 June 2025** | **5,043** | **335** | **5,378** |
| Additions | 35 | 447 | 482 |
| Terminations | - | (335) | (335) |
| **Balance 30 June 2026** | **5,078** | **447** | **5,525** |
| **Accumulated Depreciation** | | | |
| **Balance 1 July 2024** | **3,177** | **103** | **3,280** |
| Depreciation expense | 576 | 168 | 744 |
| Adjustments | 5 | (5) | - |
| **Balance 30 June 2025** | **3,758** | **266** | **4,024** |
| Depreciation expense | 608 | 160 | 768 |
| Terminations | - | (273) | (273) |
| **Balance 30 June 2026** | **4,366** | **153** | **4,519** |
| **Carrying Amount** | | | |
| Balance 1 July 2024 | 1,563 | 232 | 1,795 |
| Balance 30 June 2025 | 1,285 | 69 | 1,354 |
| **Balance 30 June 2026** | **712** | **294** | **1,006** |

Refer to note 5.2 for further details on the Group's leasing activity.

### 4.5 Goodwill and intangible assets

**Critical Accounting Judgements and Key Sources of Estimation Uncertainty**

For impairment testing purposes, goodwill is allocated to a single cash generating unit ("CGU"), SDL Software (referred to as the Electronic Content Management CGU).

The Goodwill recognised by the Group has arisen from previous business combinations.

| | Previous Business Combinations | | | | |
|---|---|---|---|---|---|
| | Scantech $000 | DTP $000 | Déjar $000 | Bremy $000 | Total $000 |
| **Goodwill recognised** | **66** | **57** | **215** | **723** | **1,061** |

Determining whether goodwill is impaired requires the carrying amount of the SDL Software CGU, including allocated goodwill, to be compared against its recoverable amount.

Recoverable amount is determined by calculating the SDL Software CGU's value-in-use, via discounted cash flow methodology, requiring the directors to estimate the future cash flows expected to arise based on approved budgets and five-year forecasted cash flows (based on assessments of the current market opportunities through existing distribution channels net of forecast costs), and a suitable discount rate in order to calculate present value.

Cash flows beyond the five-year forecast period have been taken into account by the calculation of a terminal value, by discounting the year-5 cashflows at a long-term growth rate 1.0%.

At June 30, 2026:

- The carrying amount of SDL Software CGU's was $1,253,317 (2025: $1,410,752).
- The recoverable amount of the SDL Software CGU was $6,916,715 (2025: $9,804,337)
- Key assumptions and estimates used in determining recoverable value were:

| Key Assumptions and Estimates | 2026 | 2025 |
|---|---|---|
| **Sales growth rate (beyond budget period)** [1] | **1.00%** | **1.00%** |
| Discount rate post-tax | 13.00% | 13.00% |
| Pre-tax | 18.05% | 18.05% |
| **Long-term growth rate** | **1.00%** | **1.00%** |

### 4.5(a) Goodwill (impairment)

No accumulated impairment losses have been recognised against goodwill (2025: $nil).

**(i) Sensitivity to Changes in Assumptions**

At 30 June 2026, the date of the Group's annual impairment test, the estimated recoverable amount of the SDL Software CGU exceeded its carrying amount by $$5,663,398 (2025: $8,393,000).

No reasonably possible change in a key assumptions would cause the CGU's carrying amount to exceed its recoverable amount.

1 *The assumptions are subject to fundamental uncertainties, particularly those surrounding future license sales which comprise a substantial portion of projected revenues and hence only inflationary growth rates have been applied. Gross margin is forecast to be consistent through the budget and forecast period.*

## 4.5(b) Intangible assets

**Accounting policy**

Intangible assets with a finite life are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Classes of intangible assets are amortised at the following rates:

**Software: 3-5 years straight-line**

| | Software $000 | Customer Contracts $000 | Total $000 |
|---|---|---|---|
| | | | |
| **Balance 1 July 2024** | **1,972** | **441** | **2,413** |
| Additions | - | - | - |
| **Balance 30 June 2025** | **1,972** | **441** | **2,413** |
| Additions | - | - | - |
| **Balance 30 June 2026** | **1,972** | **441** | **2,413** |
| | | | |
| **Balance 1 July 2024** | **1,792** | **441** | **2,233** |
| Amortisation expense | 60 | - | 60 |
| **Balance 30 June 2025** | **1,852** | **441** | **2,293** |
| Amortisation expense | 60 | - | 60 |
| **Balance 30 June 2026** | **1,912** | **441** | **2,353** |
| | | | |
| Balance 1 July 2024 | 180 | - | 180 |
| Balance 30 June 2025 | 120 | - | 120 |
| **Balance 30 June 2026** | **60** | **-** | **60** |

## 4.6 Employee Benefit Liabilities

**Critical Accounting Judgements and Key Sources of Estimation Uncertainty**

Provisions for other long term employee benefits are based on the Group's estimate of the present value of future costs assuming payroll inflation rate of 2.00% (2025: 2.00%).

| | 2026 $000 | 2025 $000 |
|---|---|---|
| Short-term employee benefit liabilities | 663 | 693 |
| **Total Employee Benefit Liabilities (Current)** | **663** | **693** |
| | | |
| Other long term employee benefits | 136 | 268 |
| **Total Employee Benefit Liabilities (Non-Current)** | **136** | **268** |

### 4.7 Property, Plant and Equipment

**Accounting policy**

Property, Plant and Equipment are subsequently measured at cost less accumulated depreciation and accumulated impairment losses.

Classes of Property, Plant and Equipment are depreciated at the following rates:

- Plant and machinery: 7.0% – 50.0% diminishing value
- Furniture and fittings: 8.0% – 25.0% diminishing value
- Leasehold improvements: 7.0% – 36.0% diminishing value

| | Plant & Machinery $000 | Furniture & Fittings $000 | Leasehold Improvements $000 | Total $000 |
|---|---|---|---|---|
| **Cost** | | | | |
| **Balance 1 July 2024** | **2,500** | **122** | **778** | **3,400** |
| Additions | 62 | - | - | 62 |
| Disposals | (17) | - | - | (17) |
| Assets removed from use* | (519) | - | - | (519) |
| **Balance 30 June 2025** | **2,026** | **122** | **778** | **2,926** |
| Additions | 1,330 | - | - | 1,330 |
| Disposals | (9) | - | - | (9) |
| Assets removed from use* | (862) | (25) | (18) | (905) |
| **Balance 30 June 2026** | **2,485** | **97** | **760** | **3,342** |
| **Accumulated Depreciation** | | | | |
| **Balance 1 July 2024** | **2,388** | **97** | **639** | **3,124** |
| Depreciation expense | 79 | - | 38 | 117 |
| Disposals | (16) | - | - | (16) |
| Assets removed from use* | (519) | - | - | (519) |
| **Balance 30 June 2025** | **1,932** | **97** | **677** | **2,706** |
| Depreciation expense | 141 | 1 | 35 | 177 |
| Disposals | (9) | - | - | (9) |
| Assets removed from use* | (862) | (25) | (18) | (905) |
| **Balance 30 June 2026** | **1,202** | **73** | **694** | **1,969** |
| **Carrying Amount** | | | | |
| Balance 1 July 2024 | 112 | 25 | 139 | 276 |
| Balance 30 June 2025 | 94 | 25 | 101 | 220 |
| **Balance 30 June 2026** | **1,283** | **24** | **66** | **1,373** |

*Assets removed from use represents the removal of assets from registry fully depreciated and with nil book value.

### 4.8 Inventories

**Accounting policy**

Inventories are stated at the lower of cost and net realisable value. Costs are assigned to inventories by the method most appropriate to the particular class of inventory, with the majority being valued on a first-in-first-out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

| | 2026<br>$000 | 2025<br>$000 |
|---|---|---|
| | 83 | 227 |
| Finished goods | 82 | 102 |
| **Total Inventories** | **165** | **329** |

## 5. Debt and Equity

This section of the notes to the Consolidated Financial Statements provides information on the Group's capital structure and related costs, how funds are raised and how the Group manages capital, including:

5.1 Share capital
5.2 Lease liabilities
5.3 Employee share option plan
5.4 Net finance cost

### 5.1 Share Capital

| | 2026 | | 2025 | |
|---|---|---|---|---|
| | $000 | No. (000's) | $000 | No. (000's) |
| **Ordinary Shares** | | | | |
| Balance at beginning of year | 5,565 | 14,706 | 5,574 | 14,720 |
| Exercise of employee share options | - | - | - | - |
| Share Buyback | (295) | (492) | (9) | (14) |
| **Share Capital at End of Year** | **5,270** | **14,214** | **5,565** | **14,706** |

The Company had 14,213,685 (2025: 14,706,443) ordinary shares on issue at 30 June 2026. All ordinary shares ranked equally with one vote attached to each fully paid ordinary share and share equally in dividends and surplus on winding up.

## 5.2 Lease liabilities

### Accounting policy

The Company uses its incremental borrowing rate at lease commencement to calculate the present value of lease payments when the rate implicit in a lease is not known.

#### (i) Leasing activity

The Group has property leases for its Canaveral Drive office and production facility and leases of production equipment.

The table below describes the nature of the Group's leasing activities by right of use asset type recognised on the statement of financial position (refer note 4.4).

| Right of use assets (ROU) | No. of ROU assets leased | Range of remaining term | Average remaining term |
|---|---|---|---|
| Property | 1 | 1 year | 1 year |
| Plant & equipment | 1 | 2 years | 2 years |

The lease liabilities are secured by the related underlying assets.

#### (ii) Future lease payments

**Maturity analysis**

Refer to note 6.2(d) for a presentation of the gross, undiscounted future lease payments of the group's leases as lessee.

**Lease payments not included in the measurement of lease liabilities**

The Group's leases typically include renewal options. The Group must assess whether it reasonably expects (or not) to exercise these when determining the lease term.

There is 1 lease where the Group has assessed it does not reasonably expect to exercise all available renewal options. Accordingly, future lease payments relating to the 3-year renewal period from September 2027 to August 2030 have not been included in the recognised lease liability.

- Annual payments: $841,000 (based on current lease payments amount) (2025: $731,000).

As standard industry practice, the Group's leases are subject every two years to market rent review in accordance with the lease terms. A 3% increase in these payments would result in an addition $25,230 (2025: 26,000) cash outflow compared to the current periods cash outflow.

#### (iii) Lease payments recognised in profit or loss

The expense relating to payments not included in the measurement of the lease liability is as follows:

| | 2026 $000 | 2025 $000 |
|---|---|---|
| Variable lease payment | 145 | 204 |
| | **145** | **204** |

#### (iv) Reconciliation of lease liability

| Reconciliation of Lease liabilities | 2026 $000 | 2025 $000 |
|---|---|---|
| **Opening Balance** | **1,387** | **1,815** |
| Additions | 447 | 302 |
| Net derecognition of lease liabilities | (27) | - |
| Interest expense | 83 | 94 |
| Repayments | (841) | (824) |
| **Closing Balance** | **1,049** | **1,387** |
| Current | 800 | 735 |
| Non-current | 249 | 652 |
| | **1,049** | **1,387** |

### 5.3 Employee share option plan

**Accounting policy**

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest. On each reporting date, the Group revises its estimate of the number of equity instruments expected to vest.

The impact of the revision of the original estimates, if any, is recognised in the Consolidated Statement of Profit or Loss over the remaining period, with a corresponding adjustment to the equity-settled employee benefits reserve.

Solution Dynamics Limited offers an equity settled employee share option plan. The general principles of the scheme are:

- The maximum aggregate number of share options to be granted pursuant to the plan is 5% of the total number of shares on issue at any one time.
- Options of no more than 1% of the total number of SDL's shares on issue can be granted to an individual staff member (the directors made an exception to this limit for the US-based CEO Patrick Brand).
- The exercise price will be determined by the Board based on the market price at the time of issue.
- The options may be exercised by the participant (in whole or part) after three years from the date that they are granted. The key employees have 18-months from the date of eligibility and must be employed by SDL at the date the option is exercised.

| | 2026<br><br>Weighted average Exercise price ($ cents) 000's | 2026<br><br>Number of Shares | 2025<br><br>Weighted average Exercise price ($ cents) 000's | 2025<br><br>Number of Shares |
|---|---|---|---|---|
| **Opening Balance** | **2.59** | **333** | **2.56** | **593** |
| Granted share options during the year | - | - | - | - |
| Share options lapsed | 2.59 | (333) | 2.52 | (260) |
| **Unvested share options** | **-** | **-** | **2.59** | **333** |
| **Percentage of total ordinary shares** | **-** | **0.00%** | **-** | **2.26%** |

All share options outstanding at 1 July 2025 lapsed during the year ended 30 June 2026. No share options were granted, exercised or remained outstanding at balance date.

### 5.4 Net finance (income)/cost

| | 2026<br>$000 | 2025<br>$000 |
|---|---|---|
| Interest expense – Lease liabilities on financing of right of use assets | 83 | 94 |
| Interest expense – Financial liabilities at amortised cost | - | - |
| **Finance Costs** | **83** | **94** |
| | | |
| **Finance Income: Interest income – financial assets at amortised cost** | **(169)** | **(217)** |
| **Net Finance Cost/(Income)** | **(86)** | **(123)** |

## 6. Capital and financial risk management

This section of the notes to the Consolidated financial Statements provides information on the Group's exposure to and management of capital and financial risks, including:

- 6.1 Capital management
- 6.2 Financial risk management
  - 6.2(a) Credit risk
  - 6.2(b) Market risk: Foreign currency risk
  - 6.2(c) Market risk: Interest rate risk
  - 6.2(d) Liquidity risk
- 6.3 Financial instruments by category

### 6.1 Capital Management

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balances.

The Group is in a net cash position of $7.71 million (2025: $11.19 million) and cash outflow from operations of -$0.46 million (2025: $4.30 million inflow). There was an operating profit of $0.37 million in the current year (2025: $2.62 million). The Group has no externally imposed covenants to manage, the only debt on the balance sheet relates to right of use assets.

| | 2026 $000 | 2025 $000 |
|---|---|---|
| Borrowings – lease liabilities (note 5.2) | 1,049 | 1,387 |
| Cash & short-term deposits (note 4.1) | 7,712 | 11,193 |
| Net cash (debt) | 6,663 | 9,806 |
| Equity (all capital and reserves) | 10,766 | 11,316 |
| **Net (cash) debt to equity ratio** | **62%** | **87%** |

During the year the finance facility was subject to certain conditions which are disclosed in Note 4.1.

### 6.2 Financial Risk Management

#### 6.2(a) Credit Risk

Financial instruments that potentially subject the Group to concentrations of credit risk consist principally of trade, cash & other receivables. The maximum credit risk is the carrying value of these financial instruments; however, the Group does not consider the risk of non-recovery of these accounts to be material.

In the normal course of its business the Group incurs credit risk from trade receivables and transactions with financial institutions. The Group has a credit policy, which is used to manage this exposure to credit risk. As part of this policy, credit evaluations are performed on all customers requiring credit. The Group does not have any significant concentrations of credit risk. The Group does not require any collateral or security to support financial instruments as it only deposits with, or loans to banks and other financial institutions with credit ratings of no less than AA-. It does not expect the non- performance of any obligations that are not provided for at reporting date.

**Accounting policy: Impairment of trade & other receivables**

The Group provides an allowance for impairment on trade and other receivables by applying the simplified method, that utilises a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

**Accounting policy: Impairment of cash & cash equivalents**
The Group determines that there has been no significant increase in credit risk where the credit rating of the counterparty holding the Group's cash and cash equivalent balances is considered to be "investment grade".

### 6.2(b) Market risk: Foreign Currency Risk

Hosting and license sales linked to SDL Software operations are denominated in foreign currency and sold under standard terms and conditions. Any variation in the exchange rate between the date of sale and the date cash is received is accounted for as a foreign exchange gain/loss in the period in which it occurs.

In addition to the trade receivables denominated in foreign currencies at the reporting period, the impact of foreign exchange movements has been assessed after offsetting related payables. A 10% movement in exchange rates would affect net profit before tax for foreign entities by $497,000 (2025: $314,000) and would impact on equity of foreign entities of $164,000 (2025: $226,000).

Trading operations for the UK and Europe are largely undertaken through SDL's UK subsidiary Solution Dynamics International Limited (SDIL). For North America operations are undertaken through Solution Dynamics Incorporated. At period end the net assets for SDIL and SD Inc., comprising largely working capital, was a credit balance of NZ $6,181,601 (2025: NZ$5,511,572) with cash and receivable balances as noted above.

The Group has an Audit & Risk Management Committee that monitors foreign exchange risk as part of its wider duties.

| Foreign Currency Receivables | 2026 | 2025 |
|---|---|---|
| **As at 30 June 2026** | **NZD $000** | **NZD$000** |
| European Receivables | 584 | 645 |
| USA Receivables | 1,056 | 490 |
| AUD Receivables | 276 | 232 |
| Total Foreign Currency Receivable | 1,916 | 1,367 |
| NZD Receivables | 2,073 | 2,367 |
| **Total Trade Receivables** | **3,989** | **3,734** |
| **Cash Held in Foreign Currency** | **3,670** | **2,288** |
| **Total Trade Receivables & Cash in Foreign Currency** | **5,586** | **3,655** |
| | | |
| Foreign Currency Accounts Payable | 616 | 516 |
| Net FX Asset | 4,969 | 3,139 |
| Fluctuation of 10% | 497 | 314 |
| **Net Assets for SDIL & SDINC** | **6,182** | **5,511** |

### 6.2(c) Market risk: Interest Rate Risk

At 30 June 2026 the interest rate on the overdraft facility was 7.95% (2025: 8.65%). With a net cash position of $7.71 million (2025: $11.19 million) at the end of the reporting period a material change in the interest expense is not expected.

Profit or loss is sensitive to higher/lower interest income from cash and cash equivalents and short term deposits as a result of changes in interest rates. A 100 basis point increase would benefit profit before tax by $22,658 (2025: $41,205), while a 100 basis point decrease would reduce profit before tax by $22,658 (2025: $41,205).

### 6.2(d) Liquidity Risk

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. With positive cash inflows the Group's liquidity risk is considered by the directors to be low.

The following table sets out the contractual maturities (representing undiscounted contractual cash-flows) of financial liabilities.

| | Within 1-year $000 | 1 – 2 years $000 | 2 – 5 years $000 | After 5 years $000 | Total $000 |
|---|---|---|---|---|---|
| **30 June 2026** | | | | | |
| Trade and other payables | 3,412 | - | - | - | 3,412 |
| Lease liabilities | 800 | 249 | - | - | 1,049 |
| **Net Present Values** | **4,212** | **228** | **-** | **-** | **4,440** |
| **30 June 2025** | | | | | |
| Trade and other payables | 4,101 | - | - | - | 4,101 |
| Lease liabilities | 662 | 613 | 112 | - | 1,387 |
| **Net present values** | **4,763** | **622** | **620** | **-** | **6,005** |

### 6.3 Financial Instruments by category

| | 2026 $000 Financial Assets & liabilities at Amortised Cost | 2025 $000 Financial Assets & liabilities at Amortised Cost |
|---|---|---|
| **Financial Assets** | | |
| Cash & cash equivalents (Note 4.1(a)) | 4,712 | 6,693 |
| Short-term Deposits (Note 4.1(b)) | 3,000 | 4,500 |
| Trade & other receivables (Note 4.2) | 4,215 | 3,754 |
| **Total Financial Assets** | **11,927** | **14,947** |
| **Financial Liabilities** | | |
| Trade and other payables (Note 4.3) | 3,412 | 4,101 |
| **Total Financial Liabilities** | **3,412** | **4,101** |

The carrying values of the financial instruments above are equivalent to their fair values.

## 7. Other information

This section of the notes to the Consolidated financial Statements provides other material information related to the operations of the Group, including:

7.1 Related party transactions
7.2 Capital Commitments
7.3 Contingent liabilities
7.4 Events after reporting date

### 7.1 Related party transactions

### 7.1(a) Remuneration paid to key management personnel

Key management were paid $2,081,846 (as employees of Solution Dynamics Limited or its subsidiaries and include the calculated benefit of the employee share option plan) during the reporting period (2025: $2,871,111) and were owed $185,050, including annual leave at 30 June 2026 (2025: $257,569).

| | 2026 $000 | 2025 $000 |
|---|---|---|
| Short-term employee benefit liabilities | 2,023 | 2,731 |
| Defined contribution plan liabilities (Kiwisaver) | 59 | 119 |
| Share-based payment expense | - | 21 |
| **Total Remuneration: Key management personnel** | **2,082** | **2,871** |

The following fees and salaries were paid to directors during the reporting period:

| | 2026 $000 | 2025 $000 |
|---|---|---|
| John McMahon (Chairman) | - | 40 |
| Julian Beavis | 40 | 45 |
| Elmar Toime | 44 | 45 |
| Lee Eglinton | 40 | 45 |
| Andy Preece (Chairman Audit & Risk Management Committee) | 48 | 53 |
| Patrick Brand | 20 | - |
| **Total Directors' Remuneration** | **192** | **228** |

### 7.1(b) Transactions with related parties

At 30 June 2026, payables to other related entities amounted to $17,831 (2025: 17,312).

### 7.2 Capital Commitments

The Group had no capital commitments at the reporting date for the Group (2025: $Nil).

### 7.3 Contingent Liabilities

There were no contingent liabilities at the reporting date for the Group (2025: $Nil).

### 7.4 Events after the reporting date

Subsequent to balance date, the directors approved the payment of a fully imputed dividend of 2.0 cents per share (2025: 3.0 cents per share) amounting to $284,274 to be paid on 25 September 2026.

# Statutory Information

# Statutory Information

## (I) Employee Remuneration

Remuneration includes salaries, bonuses and other benefits including non-cash benefits. The number of employees with total remuneration exceeding $100,000 in each of the following bands was:

| | FY2026 $000 | FY2025 $000 |
|---|---|---|
| 100,000 - 109,999 | 4 | 6 |
| 110,000 - 119,999 | 5 | 5 |
| 120,000 - 129,999 | 4 | 3 |
| 130,000 - 139,999 | 5 | 5 |
| 140,000 - 149,999 | 0 | 2 |
| 150,000 - 159,999 | 1 | 0 |
| 160,000 - 169,999 | 1 | 3 |
| 170,000 - 179,999 | 1 | 0 |
| 180,000 - 189,999 | 1 | 1 |
| 210,000 - 219,999 | 1 | 0 |
| 220,000 - 229,999 | 1 | 0 |
| 230,000 - 239,999 | 0 | 1 |
| 240,000 - 249,999 | 0 | 1 |
| 250,000 - 259,999 | 1 | 0 |
| 270,000 - 279,999 | 1 | 0 |
| 280,000 - 289,999 | 0 | 1 |
| 290,000 - 299,999 | 0 | 2 |
| 300,000 - 309,999 | 0 | 1 |
| 310,000 - 319,999 | 1 | 0 |
| 320,000 - 329,999 | 0 | 1 |
| 380,000 - 389,999 | 1 | 0 |
| 400,000 - 409,999 | 0 | 1 |
| 420,000 - 429,999 | 1 | 0 |
| 480,000 - 489,999 | 1 | 0 |
| 870,000 - 879,999 | 0 | 1 |
| | **30** | **34** |

## (II) Shareholders and Substantial Security Holders

### (a) The 20 largest shareholders as at 30 June 2026 were:

| | % of total | Shares |
|---|---|---|
| ASB NOMINEES LIMITED | 11.26% | 1,600,658 |
| PHILIP HADFIELD HARDIE BOYS & KIRSTY MERRAN HARDIE BOYS & SZIGETVARY TRUSTEE SERVCES LIMITED <P & K HARDIE BOYS FAMILY A/C> | 7.39% | 1,050,000 |
| TRACEY LEE SIVASUBRAMANIAM <N & T SIVA FAMILY A/C | 6.26% | 890,000 |
| CUSTODIAL SERVICES LIMITED | 5.70% | 810,704 |
| JBWERE (NZ) NOMINEES LIMITED | 5.15% | 732,074 |
| ACCIDENT COMPENSATION CORPORATION | 4.91% | 698,234 |
| NEW ZEALAND DEPOSITORY NOMINEE LIMITED | 4.42% | 628,137 |
| KIRSTEN ROBERTS | 3.69% | 525,000 |
| COLIN GLENN GIFFNEY | 3.66% | 520,000 |
| DEIRDRE ELIZABETH TALLOTT | 3.66% | 520,000 |
| FORSYTH BARR CUSTODIANS LIMITED <1-CUSTODY> | 3.22% | 457,695 |
| STEPHEN CHRISTOPHER MONTGOMERY | 3.17% | 450,001 |
| JIMMY JINHUA DENG & SOPHIE SHUFEN LI | 2.90% | 411,506 |
| ROGER DIXON ARMSTRONG | 2.34% | 332,737 |
| JILLIAN BERNADETTE WINSTANLEY | 2.31% | 328,500 |
| ASB NOMINEES LIMITED | 1.75% | 248,951 |
| DON NOMINEES LIMITED | 1.65% | 234,944 |
| ANNA LAKE | 1.13% | 160,000 |
| FNZ CUSTODIANS LIMITED <DRP NZ A/C> | 0.92% | 131,325 |
| ZEALANDIA ASSOCIATES LIMITED | 0.84% | 120,000 |
| **Grand Total** | **76.33%** | **10,850,466** |

A total of 14,213,685 shares were on issue (2025: 14,706,443)

### (b) Size of Shareholding as at 30 June 2026

| Holdings | Shareholders | Shares Held | % of total |
|---|---|---|---|
| 1 - 999 | 118 | 30,986 | 0.22% |
| 1,000 - 4,999 | 85 | 191,446 | 1.35% |
| 5,000 - 9,999 | 35 | 222,697 | 1.57% |
| 10,000 - 49,999 | 54 | 1,029,995 | 7.25% |
| 50,000 - 99,999 | 21 | 1,369,762 | 9.64% |
| 100,000 Over | 25 | 11,368,799 | 79.97% |
| **Total** | **338** | **14,213,685** | **100%** |

### (c) Substantial Security Holders

According to notices given under the Financial Markets Conduct Act 2013, the following persons were substantial shareholders in Solution Dynamics Limited at 30 June 2026:

| Shareholder | Shares Held | % of total |
|---|---|---|
| Meta Capital Limited (John McMahon) | 1,600,658 | 11.26% |
| Philip Hadfield Hardie Boys (P & K Hardie Boys Family A/C) | 1,050,000 | 7.39% |
| Indrajit Nelson Sivasubramaniam + Tracey Lee Sivasubramaniam + Comac Trustees Limited | 890,000 | 6.26% |
| Custodial Services Limited | 810,704 | 5.70% |
| JB Were (NZ) Nominees Limited | 732,074 | 5.15% |

# Statement of Corporate Governance

# Statement of Corporate Governance

Solution Dynamics Limited's (SDL)'s corporate governance framework and processes are guided by the principles and recommendations set out in the NZX Corporate Governance Code (as updated in March 2026) (NZX Code).

The information in this report is current as at 27 August 2026 and has been approved by the Board.

SDL is listed on the NZX and is subject to regulatory control and monitoring by both the NZX and the Financial Markets Authority (FMA).

The Board Charters and key policies are available in the Board governance section of the Company's website: [www.solutiondynamics.com/about/investor-center](www.solutiondynamics.com/about/investor-center).

## Variance to NZX Corporate Governance Code

We believe that SDL's corporate governance practices for the financial year ended 30 June 2026 are materially in line with the NZX Code.

## Principle 1 – Code of Ethical Behaviour

*Directors should set high standards of ethical behaviour, model this behaviour and hold management accountable for these standards being followed throughout the organisation.*

Recognising that ethical behaviour is fundamental to sound corporate governance, the Board endorses the Group-wide implementation of the Code of Business Conduct and Ethics. This Code, formally adopted during the transition to the NZX Main Board, outlines the principles and expectations that guide the conduct of directors, employees, and contractors of SDL and its related entities. The Code is designed to support decision-making that aligns with SDL's values, strategic objectives, and legal obligations, thereby contributing to improved performance outcomes. All employees are encouraged to report any breaches of the Code through the established reporting channels. The Code is provided to all new employees upon joining the Group and is accessible to all staff. Any future amendments to the Code will be communicated accordingly.

In addition, SDL has implemented a Share Trading Policy to mitigate the risk of insider trading in the Company's securities. This Policy applies to Restricted Persons, including directors and designated employees, and is available alongside other governance policies in the Board governance section of the Company's website: [www.solutiondynamics.com/about/investor-center](www.solutiondynamics.com/about/investor-center).

Employees are expected to report any breaches of the Code of Business Conduct and Ethics in accordance with the procedures outlined in the Code.

## Directors' Share Dealing and Shareholding

Directors disclose the following relevant interests in shares in the Group at 30 June 2026 and transactions in relevant interests in shares during the financial year ended 30 June 2026.

| Shareholder | Balance 30 June 2025 | Additions | Disposals | Balance 30 June 2026 |
|---|---|---|---|---|
| John McMahon | 1,600,658 | - | - | 1,600,658 |
| Andy Preece | 53,000 | - | - | 53,000 |
| Lee Eglinton | 18,000 | - | - | 18,000 |

**Entries in the Interests Register**

In addition to the disclosure relating to interests and related party transactions presented in Note 7.1 to the Financial Statements and the director remuneration outlined under Principle 5, the following interests were formally recorded in the interests register for the financial year ended 30 June 2026:

- Indemnification of Officers and Directors: The Company indemnifies directors and executive officers of the Group against liabilities incurred in the course of performing their official duties.
- Directors' & Officers' insurance: In conjunction with the indemnity provision, the Group maintains Directors & Officers' liability insurance. The total premium expended for this coverage during the year ended 30 June 2026 was $30,000 (2025: $30,000).

**Conflict of Interest and Related Parties**

All directors are required to disclose any general and specific interests that could be in conflict with their obligations to the Group. Transactions with related parties and balances outstanding relating to the year ended 30 June 2026 are disclosed in Note 7.1 to the Financial Statements.

## Principle 2 — Board Composition & Performance

*To ensure an effective Board, there should be a balance of independence, skills, knowledge, experience and perspectives.*

The Board's primary responsibilities include:

- Establishing the Group's vision and long-term strategic objectives
- Approving annual and half-year financial reports
- Endorsing annual budgets and corporate policies
- Ensuring the adequacy of internal controls and record keeping
- Overseeing compliance with applicable legislation
- Monitoring the performance of executive management
- Facilitating transparent communication with stakeholders

Board procedures are governed by the Company's Constitution. The Board is responsible for setting the strategic direction of the Group, overseeing financial and operational controls, implementing appropriate risk management frameworks, and enhancing shareholder value in accordance with sound corporate governance principles.

In addition to the Code of Business Conduct and Ethics, the Board operates under a formal Board Charter. This Charter defines the Board's composition, the roles and responsibilities of directors, and sets procedures for director nomination, resignation and removal. It also ensures Board meetings and are conducted efficiently and that each director is empowered to discharge their duties effectively and participate fully in Board deliberations.

The day-to-day management of the Group is delegated to SDL's senior management team, led by the CEO (at present this has meant the Company's CFO assuming the role of Acting CEO from 1 January 2026 with executive support continuing from the chair and other directors as needed). Management operates under a defined set of delegated authorities and is subject to annual performance reviews.

Directors are provided with access to the essential resources to fulfil their responsibilities, including access to financial and operational information, as well as professional advice provided by external advisers.

Directors also have the right, with the approval of the chair or by resolution of the Board, to seek independent legal or financial advice at the Company's expense for the proper performance of their duties.

### Board Composition and Appointment

The Company's Constitution specifies the number of elected directors and outlines the procedure for their retirement and re-election at Annual Shareholder Meetings.

SDL believes that the nomination process for new director appointments is the responsibility of the entire Board and thus does not have a separate Nomination Committee.

The Board takes into consideration tenure, capability, diversity and skills when reviewing Board composition and new appointments.

At each Annual Meeting, at least every three years as required by NZX Listing Rules, current directors retire by rotation and are eligible for re-election.

Additionally, any directors appointed since the previous Annual Meeting must also retire and are eligible for election.

When a new director is appointed, SDL will enter into a written appointment letter setting out the terms of their appointment.

The Board supports the separation of the roles of Chair and CEO. As of 27 August 2026, the chair of SDL, is non-executive director, John McMahon, who has (through a related party) an 11.26% shareholding in SDL and is therefore not considered independent under the NZX Listing Rules.

Director independence is an important consideration and is determined in accordance with the NZX Listing Rules and the NZX Code.

The Board views John's shareholding as aligning his interests closely with those of Solution Dynamics' shareholders. The directors believe that John's extensive analytical and commercial expertise, including his directorship in other NZX-listed companies, coupled with his deep understanding of the Company: products, markets and strategy, make him the ideal candidate to lead the Board. The Board has a majority of independent directors, and the roles of Chair and CEO are separated. The Audit and Risk Committee is chaired by an independent director, conflicted directors do not participate in relevant decisions, and independent directors may meet separately where appropriate.

The Board currently consists of six directors (2025: five directors), a non-executive Chair (non-independent, see note above) and five non-executive directors (four of whom are independent – Pat Brand is determined not to be independent because he stepped down as CEO at the end of December 2025). Each director is elected based on the value they contribute to the Board. In the case of former CEO, Pat Brand, who stood down from his CEO role at the end of December 2025 and was appointed to the Board on 1 January 2026, this includes very recent hands-on experience piloting the Company's operations.

To maintain the integrity of governance, the Board requires that directors are independent and are not an executive of SDL and do not hold any 'Disqualifying Relationships'. The Board adhere to the NZX Listing Rules (and NZX guidance on the application of those requirements).

Further details on each director are available at the Board governance section of the Company's www.solutiondynamics.com/about/investor-center and disclosure of directors' interests are provided in note 7.1 to the Financial Statements.

SDL encourages all directors to undertake ongoing training and professional development to support the effective discharge of duties. This includes attending presentations on governance presentation, legal and regulatory updates, technical briefings, and industry-specific education.

Directors also receive regular updates on relevant Company and sector developments and engage in briefings with key executives.

The Board evaluates both individual and collective performance on a regular basis. These assessments inform the prioritisation of training and development initiatives and support the Board's ability to govern the Group's business effectively and strategically.

### Diversity

SDL is committed to fostering a workplace culture that actively supports diversity and inclusiveness and that seeks to prevent and eliminate discrimination in all its forms. SDL recognises that embracing diversity enables SDL to respond more effectively to the dynamic environment in which it operates and to better serve its diverse customer and stakeholder base.

Diversity at SDL encompasses, but is not limited to gender, race, ethnicity, cultural background, physical capability, age, sexual orientation, and religious or political beliefs.

While SDL does not have a formal diversity policy or publish diversity targets, its commitment is embedded in the Code of Business Conduct and Ethics. The Code affirms SDL's values for the varied skills, values, backgrounds, ethnicity and experience of its workforce, and acknowledges that such diversity contributes meaningfully to innovation and the achievement of organisational objectives. SDL's employment practices are governed by an Equal Opportunity Policy, which ensures that all staff - regardless of personal characteristics, have access to equitable employment opportunities. This policy applies across recruitment, training, performance, and workplace conditions, and is complemented by initiatives aimed at cultivating a positive and inclusive workplace.

As at 30 June 2026, the Board is yet to consider whether it requires management to provide regular reporting and monitoring on diversity within SDL's workforce.

As at 30 June 2026, the gender balance of SDL's directors and people was as follows:

| | 30 June 2026 | 30 June 2025 |
|---|---|---|
| Directors | | |
| Females | 1 | 1 |
| Males | 5 | 4 |
| Management Team | | |
| Females | 2 | 1 |
| Males | 4 | 5 |
| All Employees | | |
| Females | 28 | 23 |
| Males | 33 | 39 |

The Management team is defined as being the CEO and senior leaders with direct reporting lined to the CEO.

### Board Meetings and Attendance

The Board has 11 scheduled meetings a year.

During the period 1 July 2025 to 30 June 2026 attendance at Board and Committee meetings was:

| | Board Meetings | | Audit & Risk Committee | |
|---|---|---|---|---|
| | Held | Attended | Held | Attended |
| John McMahon[1] | 10 | 10 | 2 | 2 |
| Julian Beavis | 10 | 9 | 2 | 1 |
| Elmar Toime | 10 | 10 | | |
| Andy Preece[2] | 10 | 8 | 2 | 1 |
| Lee Eglinton | 10 | 8 | 2 | 1 |
| Patrick Brand | 10 | 5 | | |

*1John McMahon is the Board Chair.*

*2 Andy Preece is the Chair of the Audit & Risk committee.*

## Principle 3 – Committees

*The Board should use committees where this will enhance its effectiveness in key areas, while still retaining Board responsibility.*

The Board has constituted one standing Committee, the Audit and Risk Committee. Given the Board's size, matters typically handled by remuneration and nominations committees are dealt with by the entire Board.

Committees enable issues that require in-depth consideration to be addressed separately by the board members possessing specialist knowledge and experience, thereby improving the efficiency and effectiveness of the Board. However, the Board maintains ultimate responsibility for the functions of its committees and defines their responsibilities.

The Audit and Risk Committee convenes as necessary and operates under specific terms of reference outlined in its Charter. A copy of the Audit and Risk Committee Charter is available in the Board governance section of the Company's website www.solutiondynamics.com/about/investor-center

Minutes of each Committee meeting are distributed to all members of the Board. The Audit and Risk Committee is authorised to request any information necessary from employees to fulfil its responsibilities and may obtain independent legal or other professional advice as needed.

The membership and performance of the Committee is reviewed annually. From time to time, special purpose committees may be established to oversee specific projects in collaboration with senior management.

As the Board believes that matters of remuneration and nominations are the responsibility of the entire Board, SDL does not deem it necessary to comply with recommendations 3.3 and 3.4 of the NZX Code. Therefore, SDL does not maintain separate remuneration or nomination committee.

The Board will continue to monitor governance best practice and update SDL's policies to uphold the highest standards as appropriate.

**Audit and Risk Committee**

The Audit and Risk Committee plays a critical role in supporting the Board's responsibilities under the Companies Act 1993 and the Financial Reporting Act 2013. Its mandate includes oversight of the Company's accounting practices, financial policies and internal controls.

The Committee also undertakes comprehensive reviews of the audit of the Company's financial statements, providing the Board with additional assurance regarding the accuracy and reliability of publicly disclosed financial information. All matters within the Committee's scope were appropriately addressed during the 2026 financial year.

The Committee operates under a written charter that defines its delegated authority, duties, responsibilities and relationship with the Board. The Charter is publicly available in the Board governance section of the Company's website: www.solutiondynamics.com/about/investor-center. In accordance with the Charter, the Committee comprises only directors of SDL, with a minimum of three members. A majority must be independent directors and at least one director with an accounting or financial expertise. The current composition meets these requirements. Importantly the chair of the Committee cannot be Chair of the Board.

Members at 30 June 2026 were Andy Preece (Chair), Lee Eglinton and John McMahon. The Audit and Risk Committee met twice during the financial year.

Attendance at Committee meetings by management and employees is by invitation only. The Committee also regularly meets with external auditors in the absence of management to ensure independent oversight.

**Takeovers**

The Board has not yet established protocols or procedures for a takeover scenario.

However, the Board acknowledges that any such protocol would likely involve SDL forming an independent takeover committee. This committee would be responsible for overseeing disclosure and response strategies and would engage expert legal and financial advisers to provide guidance on procedural matters related to any potential takeover.

## Principle 4 – Disclosure and Financial Reporting

*The Board should demand integrity in financial and non-financial reporting, and in the timeliness and balance of corporate disclosures.*

The Board is committed to upholding the highest standards of integrity in both financial and non-financial reporting. It ensures that all corporate disclosures are timely, balanced, and accurate and in accordance with the Companies Act 1993, and the Financial Reporting Act 2013, and the NZX Listing Rules.

Material information is released in line with the NZX Listing Rules and associated guidance. The Company's Market Disclosure Policy sets out the principles and requirements of the Company's commitment to timely and balanced disclosures. In addition to meeting its legal obligations, SDL aims to provide stakeholders and investors with comprehensive and meaningful disclosures, encompassing both financial and non-financial information.

**Financial Statements**

The directors are responsible for ensuring that the financial statements present a true and fair view of the financial position of the Group as at the end of the financial year as well as the results of operations and cash flows for the year. The external auditors are responsible for providing an independent opinion on the financial statements.

The consolidated financial statements set out in this report have been prepared by management in accordance with generally accepted accounting practice in New Zealand. They are based on appropriate accounting policies which have been consistently applied, and which are supported by reasonable judgements and estimates.

For the financial year ended 30 June 2026, the directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of SDL and the Group and facilitate compliance of the financial statements with the Companies Act 1993 and the Financial Reporting Act 2013.

After reviewing internal management financial reports and budgets the directors are confident that the Group will remain a going concern in the foreseeable future. Therefore, they continue to adopt the going concern basis in preparing the financial statements.

The CEO has provided written confirmation to the Board that SDL's external financial reports accurately present a true and fair view in all material aspects.

SDL's full and half year financial statements are available on the Company's website: [www.solutiondynamics.com/about/investor-center](www.solutiondynamics.com/about/investor-center).

**Non-financial Information**

SDL is not a climate reporting entity under Part 7A of the Financial Markets Conduct Act 2013 and is therefore not required to prepare a climate related disclosure statement.

The Board recognises the importance of non-financial disclosure. Given SDL's size the Board has elected not to comply with recommendation 4.3 of the NZX Code and has not adopted a formal environmental, social and governance (ESG) framework. SDL discusses its strategic objectives and its progress against these in the Management Discussion and Analysis section of this annual report and at the Annual Meeting.

SDL is dedicated to using its resources and collaborates closely with its supply chain partners to identify opportunities for minimizing any adverse environmental risks or impacts from its business operations, products and services.

The Board encourages diversity and commits to ensuring that SDL does not knowingly engage in business activities that could involve SDL in complicity with human rights abuses or violations of labour standards

## Principle 5 – Remuneration

*The remuneration of directors and executives should be transparent, fair and reasonable.*

The Board emphasises aligning the interests of the director; the CEO and management with the long-term interests of shareholders. Remuneration policies and structures undergo regular review to ensure that remuneration for management and directors remains fair and competitive within the market, reflecting the skills, knowledge and experience essential for the Group.

The Board recognises that it is desirable that management (including that for any executive director) remuneration should include an element dependent upon the performance of both the Group and the individual and should be clearly differentiated from non-executive director remuneration.

Details of directors and management remuneration and entitlements for the 2026 financial year are set out in Note 7.1 to the Financial Statements.

SDL does not have a Remuneration Committee and matters relating to remuneration are dealt with by the full Board.

### Directors' Remuneration

The total remuneration pool available for directors is established by shareholders and remains fixed.

The Board determines the level of remuneration paid to directors from the approved collective pool.

Directors also receive reimbursement for reasonable travelling, accommodation and other expenses incurred during the course of performing their duties.

### Executive Remuneration

Executive remuneration at SDL comprises a fixed base salary, incentives and participation in a Share Option Plan. The incentives are awarded based on targets agreed upon with the management team at the beginning of the year, focusing on achieving specified earnings and sales targets. ESOP share options totalling 333,000 lapsed in the 2026 financial year. (Note 5.3).

Executive's remuneration exceeding $100,000 annually, received in their role as employees during the year, is disclosed on page 54 of this annual report.

Details of the SDL Share Option Plan are detailed in Note 5.3 of the 2026 Financial Statements.

### Chief executive officer remuneration

The review and approval of the CEO's remuneration is the responsibility of the Board. The CEO's remuneration comprises a fixed base salary and an annual bonus that is structured based on meeting various tiers of EBITDA.

The CEO's remuneration for FY2026 can be summarised as follows:

**CEO (Retired)**

| Description | (USD000's) |
|---|---|
| Base salary | $156 |
| Incentive Paid[3] | - |
| Total on Target Earnings | $156 |

*3 This includes an assessed share option cost (refer Note 5.1) and a performance incentive based on Company earnings paid annually in arrears.*

**Acting CEO (January - June 2026)**

| Description | (NZD000's) |
|---|---|
| Base salary | $154 |
| Incentive Paid | $25 |
| Total on Target Earnings | $179 |

As at 30 June 2026, Directors are paid on a per Director rate as follows:

| | |
|---|---|
| Chair (Currently nil) | $60,000 |
| Non-executive Director | $40,000 |
| Audit & Risk Committee Chair | $7,500 |
| Hourly rates for abnormal/ particularly time intensive projects or transactions outside the scope of typical board work | $250/Hour |

Directors remuneration during the year is disclosed in Note 7.1.

## Principle 6 – Risk Management

*Directors should have a sound understanding of the material risks faced by the issuer and how to manage them. The Board should regularly verify that the issuer has appropriate processes that identify and manage potential and material risks.*

SDL remains committed to proactive and effective risk management. While the entire Board retains ultimate responsibility for overseeing risk and the Group's internal control system, the Audit and Risk Committee provides additional oversight and supports the Board in monitoring the risk management framework and ensuring majority compliance with it.

The Board monitors the operational and financial performance of the Group and considers recommendations from external auditors and advisors regarding the risks that the Group faces.

The Board is committed to ensuring that all recommendations made are assessed and appropriate action is taken to effectively manage risk.

The Board's approach to risk management is embedded in the Audit and Risk Committee Charter, which is publicly accessible in the Board Governance section of the Company's website:www.solutiondynamics.com/about/investor-center.

Responsibility of the day-to-day management of risk is delegated to the CEO. SDL's management team is accountable for the ongoing identification of risks impacting SDL's operations and for implementing appropriate structures, practices and processes to monitor and mitigate these risks.

The directors are responsible for ensuring that adequate accounting records are maintained and for overseeing the Group's internal controls and financial reporting systems.

Internal financial controls have been implemented to reduce the risk of material misstatement.

SDL has implemented internal financial controls to reduce the risk of material misstatements. These controls are intended to provide reasonable, though not absolute, assurance against the occurrence of material misstatements or financial loss.

No major breakdowns of internal controls were identified during the year.

For the financial year ended 30 June 2026 the Group's Financial statements have been audited by Baker Tilly Staples Rodway Auckland ("BTSR"), which issued an unqualified audit opinion. The Company remains committed to maintaining the highest standards of corporate governance and transparency.

All audit activities at SDL are completely segregated from any non-audit Services, to uphold proper independence. The fees paid to BTSR for audit are disclosed in Note 3.2 of the

Financial Statements.

BTSR has provided the Board with written confirmation that, in their view, they were able to operate independently during the financial year.

Additionally, BTSR will attend the 2026 annual meeting, and the lead audit partner will be available to answer questions from shareholders at that meeting.

SDL's Audit and Risk Committee oversees various internal controls including those for computerised information systems, security, business continuity management, insurance, health and safety, conflicts of interest, and fraud prevention and detection. SDL does not have a dedicated Group internal auditor role. The Board is satisfied that SDL has established a robust and effective risk management framework to identify, manage and monitor SDL's principal risks effectively.

In addition, SDL maintains insurance policies considered adequate to cover its insurable exposure. An overview of key financial and non-financial risk is detailed in Note 6 to the Financial Statements.

**Health and Safety**

The Board recognises that effective management of health and safety is a fundamental to the success of the business. Its objective is to prevent harm and enhance the wellbeing of SDL's employees and contractors. The Board is responsible for ensuring that the systems used to identify and manage health and safety risks are appropriate, effectively implemented, regularly reviewed and continuously improved.

SDL operates under a Health and Safety Charter which is actively monitored by the management team. Health and Safety reports, including incident summaries, are presented to the Board as part of the compliance section in regular Board papers.

## Principle 7 – Auditors

The Board should ensure the quality and independence of the external audit process

The Board's method for appointing and overseeing the external auditor is outlined in SDL's Audit and Risk Committee Charter, available at the Board governance section of the Company's Website: www.solutiondynamics.com/about/investor-center. The Charter is designed to uphold audit independence is maintained, both in fact and appearance, ensuring SDL's external financial reporting is viewed as being highly reliable and credible.

The Audit and Risk Committee provides additional oversight of the external auditor, reviews the quality and cost of the audit conducted by external auditor and serves as a formal communication between the Board, the management team and the external auditors. The Committee also assesses the auditor's independence on an annual basis. These requirements are detailed in the Audit and Risk Committee Charter.

## Principle 8 – Shareholder Rights & Relations

The Board should respect the rights of shareholders and foster constructive relationships with shareholders that encourage them to engage with the issuer.

The Board is committed to open and transparent communications with shareholders through a structure calendar of communications for shareholders, including but not limited to:

- Annual and Half-Yearly Reports
- Market announcements
- Annual Meeting
- Access to information through the SDL website

SDL maintains a comprehensive website which provides access to key corporate governance documents, and Company reports.

Shareholders are encouraged to attend the Annual Meeting either in person or virtually (online) and may raise matters for discussion at the meeting. In accordance with NZX Code, the Board should ensure that the notice of the Annual Meeting is posted to SDL's website as soon as possible and at least 20 working days prior to the meeting.

Shareholders have the ultimate control in corporate governance by voting directors on or off the Board. Voting is by poll, upholding the 'one share, one vote' philosophy.

In accordance with the Companies Act 1993, SDL's Constitution and the NZX Listing Rules, SDL refers major decisions which may change the nature of SDL's business to shareholders for approval.

All shareholders are given the option to elect to receive electronic communications from SDL. In addition to shareholders, SDL has a wide range of stakeholders and maintains open channels of communication for all audiences, including shareholders, brokers and the investing community, as well as our staff, suppliers and customers.

# Our Team

## Leadership Team

**Suzanne (Susie) Watts**
Acting CEO & Company Secretary
Suzanne is a proven software executive who helped grow a start-up into a global company. She has led transformative growth across NZ, Australia, the UK, UAE, Oman, the US, and Japan, and successfully consolidated multiple finance functions into a global center of excellence.

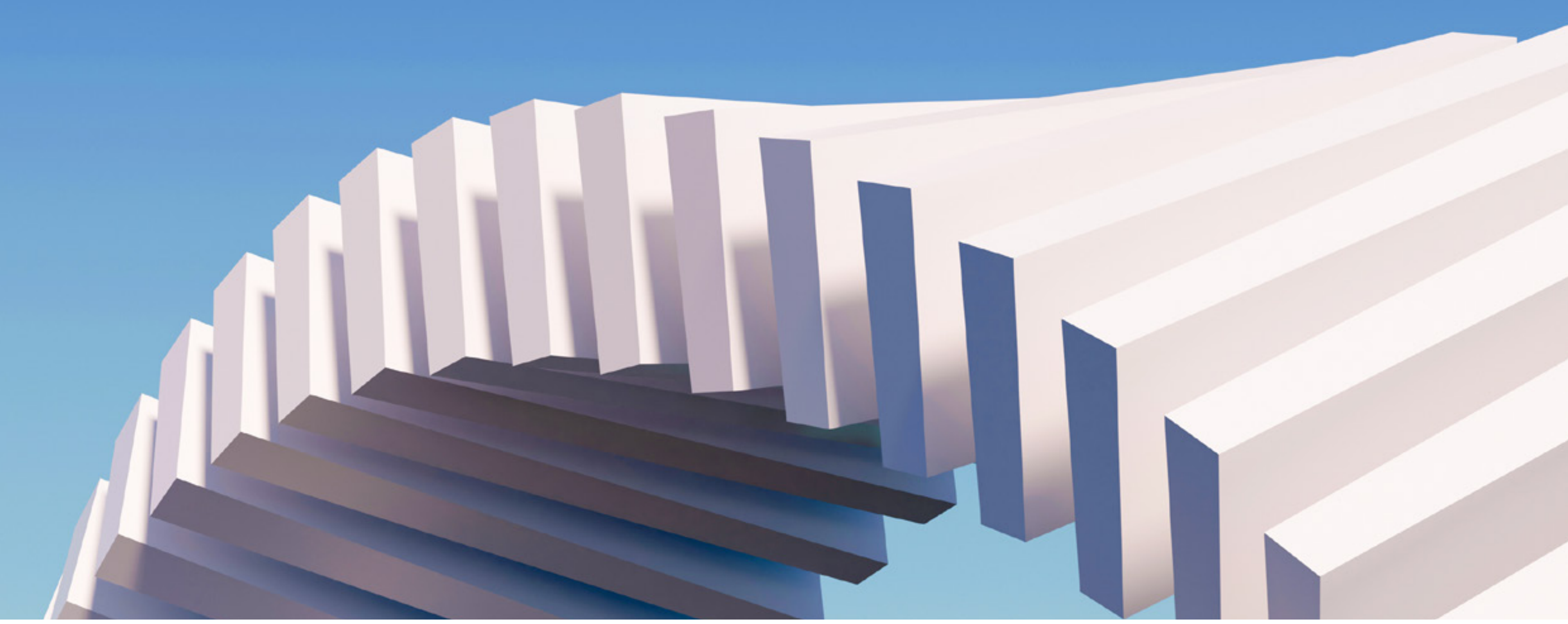
**Nick Williams**
Chief Product Officer
Nick began his 30-year career at a global printing company, progressing through Developer, IT Manager, and Solutions Manager roles across Asia Pacific. He then served as CIO at Ford, PMP, and Geon Group, leading Australasian IT from Sydney. In 2006, he became GM NZ at Bremy, playing a key role in its acquisition by Solution Dynamics.

**Hash Valabh**
Vice President – Global Product Development
Hash is a software developer with 25+ years' experience across multinationals and start-ups, including launching a network management system in Europe. His deep business and operations insight enables him to deliver innovative, client-focused technical solutions.

**Jeff Knight**
Vice President – Global Sales & Digital First Solutions
Jeff's 25-year career spans business development and operations across Financial Services, Digital Auto Retail, BPO, and IT. He led Pitney Bowes NZ, joined Datamail, and later transformed Dataprint, driving rapid digital growth before its successful acquisition by NZX-listed Freightways.

**Rebecca Lyon**
GM - Practice Management Marketing Software
Rebecca brings over 10 years of dental industry expertise to her role as General Manager, with a proven track record of scaling customer success and sales operations. She has successfully launched and scaled new SaaS solutions from £0 to £15m+ ARR, demonstrating deep understanding of product development and market execution in healthcare technology.

**Brian Snider**
Chief Marketing Officer & Enterprise Sales Director N.A.
Brian's career spans more than 38 years of sales and marketing leadership roles within Fortune 500 and startup firms. He has successfully built long-term relationships and provided services that increase revenue in both B2B and B2C markets.



**Suzanne (Susie) Watts**
Acting CEO & Company Secretary

**Nick Williams**
Chief Product Officer

**Hash Valabh**
Vice President – Global Product Development

**Jeff Knight**
Vice President – Global Sales & Digital First Solutions

**Rebecca Lyon**
GM - Practice Management Marketing Software

**Brian Snider**
Chief Marketing Officer & Enterprise Sales Director N.A.

# Company Directory

### Nature of Business
Data management, electronic digital printing, document distribution, web presentment and archiving, campaign management solutions, fulfilment, print services, scanning, data entry and document management.

### Directors
John McMahon – Non-independent Chair
Elmar Toime – Independent
Julian Beavis – Independent
Andy Preece – Independent
Lee Eglinton – Independent
Patrick Brand – Non-independent

### Company Executives
Suzanne Watts – Acting CEO
& Company Secretary

### Auditors
Baker Tilly Staples Rodway Auckland
Level 12, 23–29 Albert Street, AUCKLAND

### Bankers
ANZ National Bank Limited
9-11 Corinthian Drive, Albany, AUCKLAND

### Legal Representative
Stephen Layburn Commercial Barrister
Level 3, 175 Queen Street, AUCKLAND

### Share Registry
Computershare Investor Services
Level 2, 159 Hurstmere Rd, Takapuna
Private Bag 92119, Auckland Mail Centre
AUCKLAND 1142

### Registered Office and Address for Service
18 Canaveral Drive, Albany AUCKLAND
PO Box 301248, Albany AUCKLAND 0752
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