

## Solution Dynamics Annual Shareholder Meeting

22 October 2026

### FY2026 Overview

The Company had a demanding year in FY2026 following the late FY2025 significant restructuring that saw a material reduction in costs, notably from lower staffing levels. This did result in a number of operational challenges in the first half of FY2026, however, the changes were well bedded down by the end of the first half.

I'd like to give particular thanks to all SDL's staff, who stepped up through that challenging period of change and helped ensure the Company remained profitable and provided ongoing strong levels of customer service.

Additionally, SDL's CEO, Patrick Brand, was unable to continue in the role due to family health issues, with Susie Watts stepping into the CEO role from 1 January 2026. On behalf of the Board I'd like to reiterate our thanks to Pat for his significant contributions in helping steer SDL through COVID, and continuing Nelson Siva's legacy of transitioning SDL from a print/mail house towards an increasingly software-oriented organisation. Pat played an instrumental role in re-aligning the cost structure post the major customer RFP loss in FY2025, plus leading the development of the nGAGE product.

The Directors asked Pat to join the Board to assist with continuity of key offshore relationships he holds, as well as provide strategic input and support to international products and customer initiatives that are key to future growth prospects.

Susie Watts was recently confirmed from Acting to permanent CEO.

Susie notes Pat's leadership has been foundational to growth of the Company's international business. Pat's deep knowledge of the US market and his strong client relationships remain an important asset to SDL to strategic execution.

Part of Susie's career was in the IT and software sectors, helping grow technology companies ranging from early-stage start-ups to global enterprises. She brings commercial drive backed by strong governance expertise, to execute SDL's strategy with discipline and clear priorities, which will deliver sustainable growth and value for shareholders.

Susie acknowledges that SDL continues to face a range of challenges, particularly the systemic decline of physical mail volumes. Challenge, however, also reveals the true determination of an organisation. Since taking on the role, her absolute focus has been on driving necessary changes across the Company to ensure SDL is actively engaged with all clients to grow revenue and optimise margin, and also that the Company remains agile with expense control at all times.

Susie emphasises how much the leadership team, and indeed all staff within our Company, have risen to these challenges. Through their dedication and capability, they are delivering a business that continues to evolve, and one that is leaner, sharper, and fundamentally stronger. She particularly thanks the staff, Board and the Company's customers for their support and looks forward to improved performance.

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SDL's core business showed resilience with revenue from our top ten customers rising 11%, albeit the increase for New Zealand customers was the result of higher low-margin postage rates. Digital revenue grew with US click volumes up 19%, supported by our strong partnership with Pitney Bowes. New work has been secured from key local authority accounts, and SDL is well placed with the new Council-owned water entities as they establish their own billing systems. SDL is the leader in the local authority market, a position that has and continues to be well earned by our local teams. The evolution of customers' demand sees for the first time in SDL's history the volume of emails we send on behalf of our customers outnumbering physical mail.

While expenses were aggressively reduced by 24%, systems and processes were maintained and enhanced.

Following the launch of nGAGE for the UK dental market earlier in 2026, the Company's ongoing digital innovation saw the recent launch of nGAGE Transact, our new bundled offering for Australia and New Zealand. This solution bridges our past and our future – combining two decades of trusted expertise in transactional communications such as invoicing and billing, facilitated by nGAGE's cutting-edge, AI-driven engagement technology. This is the type of product innovation that will shape the business over the next two years.

SDL has a robust growth strategy, an exceptionally strong balance sheet, and teams that have the detailed knowledge and experience required to succeed; we know how to execute under pressure.

There are a couple of points to note about SDL's FY2026 financials. The first is the effect on profit from developing and launching nGAGE. This had a negative pre-tax earnings impact of around \$0.5 million for the part-year cost of UK staff, customer support, marketing and travel, but excluding development costs by New Zealand-based staff. No costs were capitalised, everything was expensed. nGAGE only launched mid second half and consequently saw minimal revenue in FY2026.

The second is SDL's balance sheet, particularly the net cash position that closed FY2026 at \$7.7 million, following the requirement to spend \$1.3 million replacing end-of-life inserter equipment. This cash position provides the Board the ability to consider a range of options for growth, and we will consider all options, although at this point the focus is on buying back shares. During FY2026, almost 0.5 million shares were acquired at an average price of \$0.60 per share. The Directors view this as not only assisting with trading liquidity on the share market, but also as value accretive for all shareholders.

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## FY2026 key result metrics

The numbers tell the story of how difficult the year was. The revenue and gross profit reductions were too great to be offset from reducing SG&A costs, resulting in earnings that fell 85%, noting prior comments that the development and launch of nGAGE had a negative pre-tax effect of around \$0.5 million.

| Key result metrics (\$figures are '000) | FY26          | FY25          | Growth Y/Y    | CAGR (5-yr)   |
|-----------------------------------------|---------------|---------------|---------------|---------------|
| <b>Total Revenue</b>                    | <b>34,145</b> | <b>41,324</b> | <b>-24.0%</b> | <b>-2.4%</b>  |
| Digital Print & Outsourced              | 17,897        | 17,198        | 4.1%          | 10.6%         |
| Software & Technology                   | 13,158        | 24,126        | -44.0%        | -11.3%        |
| <b>Gross Profit</b>                     | <b>8,636</b>  | <b>14,286</b> | <b>-39.5%</b> | <b>-8.5%</b>  |
| Gross Margin                            | 27.5%         | 34.6%         |               |               |
| SG&A expenses                           | 7,503         | 9,840         | -23.8%        | -4.2%         |
| <b>EBITDA <sup>(a)</sup></b>            | <b>1,133</b>  | <b>4,446</b>  | <b>-74.5%</b> | <b>-23.1%</b> |
| EBITDA Margin                           | 3.6%          | 10.8%         |               |               |
| <b>Net Profit after Tax</b>             | <b>382</b>    | <b>2,619</b>  | <b>-85.4%</b> | <b>-28.4%</b> |
| Earnings per share (cents)              | 2.7           | 17.8          | -84.9%        | -28.0%        |
| Dividends per share (cents)             | 4.0           | 3.0           | 33.3%         | -18.3%        |

(a) EBITDA (i.e. Earnings before Interest, Taxation, Depreciation, Amortisation and Impairment) is a non-GAAP earnings figure that equity analysts may focus on for comparable company performance analysis. The Company considers that it is a useful financial indicator because it avoids the distortions caused by the differences in capital structure, amortisation and impairment policies.

The dividend was increased to 4.0 cents per share, fully imputed, noting that the dividend payout ratio in the prior year was well below the normal payout ratio as a result of caution about the outlook for FY2026.

## NZ Mailhouse

SDL's domestic business saw revenue up around 4%, however mail lodgements declined 11%, meaning the revenue gain was from an increase in low-margin postage revenue. NZ Post raised postage prices 15% at the start of FY2026 (a further 24% at the start of FY2027). These ongoing levels of price rise are increasing focus on the cost of physical mail, consequently, digitisation will continue although SDL sees most of its customers having a rump of customers that continue to require physical communications.

The digital first sales approach is now being driven by nGAGE Transact which provides improved functionality and usability for customers to self-manage and customise the content in their communications.

FY2026 saw ongoing cost reductions from improvements in staffing levels and operational efficiency. There are further gains to come over FY2027.

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The Councils' market remains a source of growth, with both additional work from outsourcing of what was in-house print, albeit this is tempered by ongoing digitisation, and initial work for Council-owned water entities, although most of the newly-formed ones have yet to formally implement ERP and billing systems. SDL is well-positioned given it is the long-term supplier to New Zealand's largest Council-owned water organisation.

AI usage and embedding continues to improve. It has matured in SDL's software development and is progressively being introduced across workflows such as customer service although still in the early stages

### **Strategy: Dental marketing software**

nGAGE integrates with the leading (estimated over 80% market share) dental practice management software system in the UK. nGAGE utilises existing patient information, with AI assistance, to create and send highly targeted marketing campaigns. SDL has a wide range of campaign templates, along with an easy-to-use template builder allowing dental practices to customise or create bespoke campaign templates.

nGAGE then integrates back with the practice management system to track the results of campaigns and provide ROI (return on investment) analysis of campaign effectiveness.

See a brief video covering key nGAGE features at: [video link](#)

For nGAGE details and functionality see the dedicated website at: <https://n-gage.ai>

### **Strategy: Dental marketing software**

The UK dental market has an estimated 12,000 practice sites. SDL estimates the leading practice management software supplier has around 8,000 to 10,000 practice sites utilising its software although most are currently using the older, on-prem software solution rather than the cloud-based software solution that nGAGE integrates into. The on-prem solution is expected to phase out over the coming years and practices will move to the cloud solution. nGAGE operates a revenue share model with the software supplier.

Since starting to market and sell the product in Q2 2026, there are now around 170 sites signed up for nGAGE with a strong pipeline. There are currently around 68 sites fully onboarded with a number of customers running 2-3-month trials to prove up the ROI metric, create appropriate marketing templates and ensure full integration with their patient data.

The Company is in discussion with several corporate dental groups that own multiple (50 to over 200) practice sites noting that these enterprise customers are expected to require longer sales cycles.

SDL has reached agreement with the software supplier to begin marketing nGAGE to customers in Australia and New Zealand. SDL in discussions with an initial practice for trial.

nGAGE is the first software solution SDL has provided that is not enterprise focused. It has the ability to scale beyond a single customer problem/solution with the data architecture designed to be utilised beyond the dental market. SDL is currently in contract negotiations with two non-dental opportunities in New Zealand for nGAGE Transact.

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## **FY2027 Outlook**

The mail volume structural headwind from significantly higher postage costs continues to present challenges for physical volumes from existing customers. SDL is at least partly offsetting this erosion through increasing market share, a combination of new customers and increases in volumes from some existing customers outsourcing what was previously in-house print. New customers in New Zealand are spread across the Council and new-water entities, plus new opportunities with nGAGE Transact.

SDL is reviewing its New Zealand print equipment configuration and expects changes in 2H that should lower the cost of mail production. Additionally, further staff restructuring in 1H has lowered costs for customer service and production. A premises lease break point in 2027 should enable a sizeable drop in rent expense although this is unlikely to affect FY2027 earnings.

Technology operations continue to mature with most of SDL's operations now in the Cloud and a steady increase in AI adoption across the Company although there is further effort required to mature SDL's AI usage.

Internationally, Pitney Bowes volumes are continuing to increase and there are new market segments Pitney Bowes is chasing that could further benefit SDL volumes. The main focus for international revenue gains is the UK dental market with nGAGE. The UK dental pipeline is strong, and SDL has a well-differentiated product that is seeing good market recognition. The key nGAGE factor for the FY2027 outcome will be the pace of conversion, from timing of customer onboarding along with the extent of trials that some customers, especially the larger corporate groups of practices, are seeking.

While SDL's share price remains modestly ahead of cash backing per share, the Directors intend to continue with the share buyback. The buyback is capped under legislation at 5% of outstanding shares on issue and a shareholder resolution later in the meeting, if passed, will increase this buyback capacity to 20% of shares outstanding. The buyback remains subject to no constraints such as trading blackout windows or holding material, non-public information. The Directors reiterate that all options for shareholder value remain on the table.

SDL is maintaining its FY2027 guidance range of \$0.4 to \$1.0 million. While underlying trading is modestly behind budget for the first three months, the opportunity pipeline is strong, so much will turn on conversion of pipeline and then timing around when new business comes on and converts to revenue.

nGAGE dental in the UK is expected to continue building on its FY2026 success although FY2027 will see a full year of UK costs so the negative effect on earnings is expected to be similar to FY2026.

The Company believes, based on early feedback, that nGAGE has broader potential, both with existing SDL New Zealand customers and in other vertical markets. Expanding the opportunity pipeline for nGAGE is a priority over FY2027 although there is unlikely to be other than modest revenue contribution (outside of the dental sector) and new vertical market development may incur additional costs.

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SDL's earnings guidance is reiterated, noting the usual risks and caveats apply with the global geopolitical and macroeconomic environment, in particular, likely to provide ongoing headwinds.

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