



Solution Dynamics FY2019 Result Update

24 July 2019

Solution Dynamics (SDL or Company) advises that it expects a reported net profit after tax for FY2019 of around \$0.65 million. This is a provisional figure that remains subject to audit.

The result is after around \$0.36 million of amortisation and also includes approximately \$0.28 million of one-off, non-cash gains on unearned earn out from the Scantech and DigitalToPrint (DTP) acquisitions. While neither acquisition met earn out targets, both have added value to SDL. Scantech is now gaining traction in the UK where GDPR requirements are causing a variety of print providers to expand into scanning, resulting in consulting and services revenue for the Company. The inclusion of the DTP platform has been an essential component to SDL's software suite, assisting in winning several major pieces of new business, particularly in North America (these should incrementally and materially contribute to earnings growth over the coming two years as they fully onboard).

The Company has a strong pipeline of international opportunities, particularly in the US. The large scale of these potential prospects – coupled with SDL's leading edge software in hybrid mail and global distributed print – means adding additional sales resources seems an attractive risk-return proposition. The Company is appointing Mr Patrick Brand to run SDL Inc as President – SDL North America. Pat's most recent role was with Pitney Bowes where he was President of Document Messaging Technologies (now BlueCrest). He was also President of Pitney Bowes' Small and Medium Business (SMB) - North America division. He retired from Pitney Bowes in 2018 to become founder of an independent business consulting firm. Pat holds a BS in Finance and MBA from the University of Connecticut. He is a CPA and is a named inventor on five patents. He was Chairman of the Electronic Document Scholarship Foundation (EDSF), an industry group, and a board member of the World Affairs Forum. Pat's remit is to accelerate profitable growth in North America across Enterprise and SMB market sectors, through both direct and partner channels. While the addition of further costs to build out sales and distribution in North America will likely act as a moderate constraint on FY2020 earnings, the Directors consider the potential opportunity well worth the investment.

SDL expects to report its FY2019 financial results on 29 August.

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