



30 March 2020

COVID-19 and Trading Update

Solution Dynamics (SDL or Company) advises that it has received confirmation that it is an essential service provider under the NZ government's Level 4 restrictions. SDL provides communications services to end customers for a number of approved essential services suppliers including firms in the financial services, utility and local authority sectors.

SDL has previously tested and instituted work-from-home arrangements for all non-production staff and is comfortable that this is operating effectively. The Company's production plant will continue to remain operational for production of essential communications, albeit with reduced staff numbers and strict operating protocols to assist with staff safety, including:

- splitting staff into discrete shifts with no personnel interaction between shift teams during shift change over;
- temperature checking of each staff member before they are able to enter the production area;
- use of filter masks (3M Respirator Kit 6851/full face masks) at all times while working on production;
- strict guidelines to staff about maintaining distance and ensuring operating surfaces are regularly cleaned;
- individual temperature checks again at the end of each shift; and
- changes to production processing to centralise jobs on a smaller number of machines, particularly SDL's high-speed, continuous digital imaging laser, to reduce staffing requirements and minimise staff interaction.

The nature of the Level 4 restrictions means New Zealand customers of SDL who are non-essential services are unable to produce mail unless it relates to COVID-19. In addition, a number of the Company's customers in the UK and North America have likewise scaled back activity because they are unable to operate fully with most staff at home or their end customers are in some form of local lockdown.

The Company's current best estimate of the impact of those demand changes, plus some cost reductions, on FY2020 earnings is that current guidance of profitability in excess of \$2 million is reduced to a range of \$1.5 to \$2.0 million. This broader-than-usual guidance range reflects the degree of uncertainty in most of SDL's markets and that further responses by governments internationally could have additional impact on earnings.

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