



## FY2021 Trading Update and FY2022 Guidance

28 June 2021

Solution Dynamics (SDL or Company) has previously provided FY2021 earnings guidance for net profit after tax of around \$2 million. Trading around year end is largely to recent expectations (some slippage of revenues from late FY2021 into first quarter FY2022) and SDL expects a result of \$1.9m to \$2.0m, subject to audit.

SDL has reviewed its management team structure, in conjunction with recent staff changes, and has simplified management of the Company's technology team and New Zealand operations. Certain areas of the business, particularly technology, have resource and cost pressures that are unlikely to abate in the near term.

Some of SDL's larger international customers are still seeing processing volumes under pressure from COVID. This is most notable in developing countries but also through the more recent emergence of the more infectious Indian or Delta variant in developed countries such as the UK, an important market for the Company. SDL assumes that developed markets will progressively normalise during FY2022 but weighted towards the second half of the financial year, and that developing countries will continue to see subdued volumes.

The combination of technology resource and cost pressures, coupled with ongoing revenue headwinds from COVID, will affect the FY2022 outlook. Subject to global macroeconomic and pandemic health risks, SDL's preliminary guidance for FY2022 is for net profit after tax of around NZ\$2.5 million.

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