



Statement of Corporate Governance



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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.

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.

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 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.

²Andy 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.

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.