

SDI Limited

ABN 27 008 075 581

For personal use only Interim Report - 31 December 2024

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Commentary - Half-year results

MELBOURNE, Australia – SDI Limited (ASX: SDI). Net profit after tax increased by 3.5% to \$3.8 million for the six months ending 31 December 2024, compared to \$3.7 million for the previous corresponding period last year.

Summary financials (AUD)	HY2025	HY2024	Change
Sales (\$m)	51.541	52.244	-1.3%
Gross product margin (%)	63.5	61.5	+200 bps
EBITDA (\$m)	8.632	9.030	-4.4%
NPAT (\$m)	3.827	3.697	3.5%
Earnings per share (cents)	3.22	3.11	3.5%
Interim ordinary dividend (cents)	1.5	1.5	unchanged

1H FY25 Highlights

Total sales of \$51.5 million, down 1.3% on the previous corresponding period (“pcp”), with good growth in the European and Brazilian markets offset by declines in Middle Eastern and Asian markets, and the continual decline in Amalgam product sales.

Product margin improvement to 63.5%, up 200 bps on pcp, reflecting operational efficiencies, geographical and product mix.

Operating expenses of \$27.1 million, up 4.3% on pcp.

EBITDA decreased by 4.4% to \$8.6 million (HY24 \$9.0 million).

Earnings per share (‘EPS’) increased by 3.5% to 3.22 cents compared to 3.11 cents for the same period last year.

Interim fully franked ordinary dividend maintained at 1.5 cents per share.

Commenting on the result, Chief Executive Officer Samantha Cheetham said: *“I am pleased with the continued sales growth in Aesthetic products along with improved product margins and well managed operating expenses. The product margin improvements, while benefitting from product mix, is also due to some efficiency measures we are beginning to see, and we expect this positive trend to continue for the remainder of the year. The continuing weakness in Amalgam sales is not unexpected as this product gets closer to its end of life in many markets. During the half we also saw weakness in the Middle East, with some specific market related challenges, and Asia also underperformed in this period. Looking ahead we expect Whitening sales to further improve with our planned rebranding rolling out in the second half of 2025 financial year.”*

Key product category sales

Category	\$m AUD	Change in local currency %	Change in AUD %	Total AUD sales %
Aesthetics	26.960	4.5	2.5	52.3
Equipment	2.886	-0.1	-5.9	5.6
Whitening	15.170	0.6	-0.1	29.4
Amalgam	6.525	-12.8	-15	12.7
Total	51.541	0.5	-1.3	100.0

In local currencies, Aesthetics sales continued to show good growth, up 4.5% on pcp. Aesthetics sales increased across all regions partly offset by a decline in Australian direct export sales down 17.4%. Whitening sales increased by 0.6% with good increases in the European and Australian domestic markets. Generally, this category reflects some declines in discretionary spend. Equipment sales, SDI’s smallest product category and largely a complimentary product, fell by 0.1% reflecting a decrease in all markets apart from Brazil and Europe which increased by 9.7% and 3.7%. Amalgam sales decreased by 12.8%, declining in most markets particularly the North American market down 20.2%.

Sales by business unit

Business unit	\$m AUD	Growth/(decline) in local currency %	Growth/(decline) in AUD %	Total AUD sales %
Australia (including direct exports)	16.154	-10.9	-11.5	31.3
North America	10.645	-7.2	-7.5	20.7
Europe	20.641	10.9	10.1	40.0
Brazil	4.101	28.4	9.2	8.0
Total	51.541	0.5	-1.3	100.0

The business unit performance reflects unfavourable currency movements and strong growth from the European and Brazilian business.

European sales were up 10.9% in local currencies, driven by demand for Aesthetic products in most European markets. North American sales decreased by 7.2% on pcp, primarily due to a 20.2% decline in Amalgam sales.

Australian sales, which include Australian domestic and direct export markets, were down by 10.9%, with Australian direct exports decreasing by 15.7% when adjusted for currency movements. These sales were materially impacted by reduction in sales from the Middle Eastern and Asian regions.

Brazilian sales increased by 28.4% on pcp in local currencies due to Distributors returning to normal business after reducing their inventory in the pcp.

Sales by region

Region	HY 2025 (\$m AUD)	HY 2024 (\$m AUD)	Growth/(decline) in AUD %
APAC	9.419	10.238	-8.0
Middle East / Africa	4.288	5.629	-23.8
South America	5.476	5.365	2.1
North America	10.645	11.503	-7.5
Europe	21.713	19.509	11.3
Total	51.541	52.244	-1.3

Sales by regions reflects good growth in the European and South American markets which were aided by increased demand for Aesthetic products. Middle Eastern and African sales were predominately affected by deliberate delays in shipment due to short term issues around customer payments and the instability in some of the Middle Eastern markets. APAC sales were down reflecting lower ordering from the Asian market.

Gross profit margins

Product margins in Australian dollars increased by 200 bps to 63.5%, driven by operational efficiencies, strong growth in the Aesthetic products. Product and geographical sales are a significant influence on the gross margin, with sales growth in Aesthetics in the European market attracting higher product margins. In September 2023 the warehousing operations were moved to the new site resulting in operational efficiencies along with some new machines entering partial production.

Expenses

Operating expenses in Australian dollars up 4.3% on pcp. After adjusting for currency movements operating expenses increased by 5.3% compared to pcp, reflecting ongoing inflationary pressures, particularly relating to employment costs and increased marketing expenditure on new product releases.

Tax expenses

Tax expense of 29.4% compared to 32.1% for the pcp reflecting the non-deductibility of asset impairments in the pcp.

Balance sheet

Cash decreased by \$1.4 million after investing \$1.9 million in property, plant and equipment, and \$2.3 million in product development expenditure, \$1.4 million in inventory and reducing debt by \$2.1 million for the six months ending 31 December 2024. Subsequent to the reporting date, debt has been further reduced by \$4.0 million relating to the sale of a property which settled on 17 January 2025. The Company has unused bank facilities of \$9.0 million and \$4.9 million cash in bank.

Strategy and outlook

The Company remains focused on its strategic priorities:

- **Aesthetics and Whitening products** continue to be the focus for new product development. The Company's Aesthetic product 'Stela', originally designed as an Amalgam replacement product, will compete in the wider Aesthetic categories due to its natural tooth colour and strength. It has been released in several key markets in FY24 and released in Europe in July 2024.
- **Achieving manufacturing and logistic efficiencies.** In FY23 the Company purchased a six-acre property for \$19.0 million which has an existing 4,000 sqm warehouse and has relocated its current warehousing. Planning is currently in progress to redevelop the site to relocate its current manufacturing operations by December 2027, with a construction and refurbishing cost of \$23 million and additional equipment of \$14 million. It is expected that this will generate a pre-tax return on capital of greater than 20%.
Investment in production automation and processes to achieve operating efficiencies and manage new and existing future product growth. The Company has recently purchased several high-speed production machines which will start showing returns in the next six months. Other machines are on order for delivery over the next 12 months which will result in further efficiencies and increase future production capacity.
On-going investment in research and development of new products. The product launch plan is back on to ensure three new product launches by March 2025. The team will continue to focus on ensuring European regulatory requirement deadlines are met. SDI embraces the stringent regulatory requirements as these provide high barriers to entry and a competitive advantage.
ESG - The Company has made a commitment, including the creation of an internal working group, to make significant progress in establishing a risk framework for sustainability and has appointed a consultant to assist in this process. The United Nations have planned that dental Amalgam products will be phased out in 2030.

Dividends

Showing the Board's confidence in the future of the business, the Directors have maintained the interim fully franked dividend payment at 1.50 cents per share (HY24 1.50 cents).

The Board has decided that the Company's Dividend Reinvestment Plan ('DRP') will not be offered to Shareholders for these dividend payments.

1. Company details

Name of entity:	SDI Limited
ABN:	27 008 075 581
Reporting period:	For the half-year ended 31 December 2024
Previous period:	For the half-year ended 31 December 2023

2. Results for announcement to the market

			\$'000
Revenues from ordinary activities	down	1.3% to	51,541
Profit from ordinary activities after tax attributable to the owners of SDI Limited	up	3.5% to	3,827
Profit for the half-year attributable to the owners of SDI Limited	up	3.5% to	3,827

Dividends

	Amount per security - Cents	Franked amount per security - Cents
Final dividend for the year ended 30 June 2024 paid on 20 September 2024	1.90	1.90

On 27 February 2025, the Directors declared an interim fully franked dividend of 1.5 cents per share to be paid on 30 April 2025. This equates to a total estimated distribution of \$1,783,000 based on the number of ordinary shares on issue as at 31 December 2024. The financial effect of dividends declared after the reporting date is not reflected in the 31 December 2024 financial statements and will be recognised in subsequent financial reports.

Comments

The profit for the consolidated entity after providing for income tax amounted to \$3,827,000 (31 December 2023: \$3,697,000).

Earnings before interest, tax, depreciation and amortisation ('EBITDA') decreased by 4.4% to \$8,632,000 (31 December 2023: \$9,030,000). The directors consider EBITDA to reflect the core earnings of the consolidated entity.

EBITDA is a financial measure which is not prescribed by Australian Accounting Standards ('AAS') and represents the profit adjusted for specific items.

The following table summarises key reconciling items between statutory profit after tax and EBITDA:

	31 Dec 2024 \$'000	31 Dec 2023 \$'000
Profit after tax	3,827	3,697
Add: taxation expense	1,597	1,747
Add: interest expense	793	698
Add: depreciation and amortisation	2,415	2,149
Add: impairment of assets	-	739
EBITDA	8,632	9,030

Further information on the results is detailed in the 'Commentary - Half-year results' immediately preceding this report.

3. Net tangible assets

	Reporting period 31 Dec 2024 Cents	Previous period 30 Jun 2024 Cents
Net tangible assets per ordinary security	53.71	53.35

NTA includes the written down value of right of use assets.

4. Dividends

Current period

	Amount per security - Cents	Franked amount per security - Cents
Final dividend for the year ended 30 June 2024 paid on 20 September 2024	1.90	1.90

Previous period

	Amount per security - Cents	Franked amount per security - Cents
Final dividend for the year ended 30 June 2023 paid on 22 September 2023	1.75	1.75

5. Dividend reinvestment plans

The following dividend or distribution plans are in operation:

The Company has a Dividend Reinvestment Plan ("DRP"). However the Directors have decided that the DRP will not be offered to Shareholders for the dividend payments.

6. Audit qualification or review

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

7. Attachments

The Interim Report of SDI Limited for the half-year ended 31 December 2024 is attached.

8. Signed

Authorised by the Board of Directors.

Signed  _____

Date: 27 February 2025

Samantha Jane Cheetham
Managing Director
Melbourne

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The Directors present their report, together with the financial statements, on the consolidated entity consisting of SDI Limited (referred to hereafter as the 'Company', 'SDI' or 'parent entity') and the entities it controlled at the end of, or during, the financial half-year ended 31 December 2024 (referred to hereafter as the 'consolidated entity').

Directors

The following persons were Directors of SDI Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Jeffery James Cheetham OAM - Chairman
 Samantha Jane Cheetham
 John Joseph Slaviero
 Dr Geoffrey Macdonald Knight AM
 Gerald Allan Bullon
 Cameron Neil Allen
 Gerard Desmond Kennedy

Principal activities

During the financial half-year, the principal activities of the consolidated entity consisted of the manufacture and distribution of dental restorative materials, whitening systems, other dental materials and product research and development.

Dividends

Dividends paid during the financial half-year were as follows:

	31 Dec 2024 \$'000	31 Dec 2023 \$'000
Final dividend for the year ended 30 June 2024 of 1.90 (2023: 1.75 cents) per ordinary share	2,258	2,080

On 27 February 2025, the Directors declared an interim fully franked dividend of 1.5 cents per share to be paid on 30 April 2025. This equates to a total estimated distribution of \$1,783,000 based on the number of ordinary shares on issue as at 31 December 2024. The financial effect of dividends declared after the reporting date is not reflected in the 31 December 2024 financial statements and will be recognised in subsequent financial reports.

Review of operations

The profit for the consolidated entity after providing for income tax amounted to \$3,827,000 (31 December 2023: \$3,697,000).

Highlights of the results from operations for the financial half-year ended 31 December 2024 are provided below:

Net profit after tax increased by 3.5% to \$3,827,000 compared to \$3,697,000 for the previous half-year. Profit before tax decreased by 0.4% to \$5,424,000 compared to \$5,444,000 for the previous half-year.

	31 Dec 2024 \$'000	31 Dec 2023 \$'000	Change \$'000	Change %
Net profit	3,827	3,697	130	3.5%
PBT	5,424	5,444	-20	(0.4%)
EBITDA	8,632	9,030	-398	(4.4%)

Earnings per share for the half-year ended 31 December 2024 increased by 0.11 cents to 3.22 cents compared to 3.11 cents for the same period last half-year.

Earnings before interest, taxation, depreciation and amortisation ('EBITDA') is a financial measure which is not prescribed by Australian Accounting Standards ('AAS') and represents the profit under AAS adjusted for specific items. The directors consider EBITDA to represent the underlying earnings measure of the consolidated entity.

EBITDA decreased by 4.4% to \$8,632,000 (31 December 2023: \$9,030,000).

The following table summarises key reconciling items between statutory profit after tax and EBITDA:

	31 Dec 2024 \$'000	31 Dec 2023 \$'000
Profit after tax	3,827	3,697
Add: taxation expense	1,597	1,747
Add: interest expense	793	698
Add: depreciation and amortisation	2,415	2,149
Add: impairment of assets	-	739
EBITDA	<u>8,632</u>	<u>9,030</u>

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial half-year.

Matters subsequent to the end of the financial half-year

On 17 January 2025, the property shown under current assets held for sale, located at 69 Power Road, Bayswater, Vic, 3153 was settled in full.

On 27 February 2025, the Directors declared an interim fully franked dividend of 1.5 cents per share to be paid on 30 April 2025.

No other matter or circumstance has arisen since 31 December 2024 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Rounding of amounts


The Company is of a kind referred to in ASIC Corporations (Rounding in Financial / Directors' Reports) Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' report.

This report is made in accordance with a resolution of Directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the Directors



 Samantha Jane Cheetham
 Managing Director

27 February 2025
 Melbourne

27 February 2025

The Board of Directors
SDI Limited
5-9 Brunsdon Street
BAYSWATER VIC 3153

Dear Board Members

Auditor's Independence Declaration to SDI Limited


In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of SDI Limited.

As lead audit partner for the review of the half year financial report of SDI Limited for the half year ended 31 December 2024, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- The auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- Any applicable code of professional conduct in relation to the review.

Yours faithfully


DELOITTE TOUCHE TOHMATSU


Rachel Smith
Partner
Chartered Accountants

SDI Limited
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2024



	Note	31 Dec 2024 \$'000	31 Dec 2023 \$'000
Revenue			
Sales revenue	4	51,541	52,244
Cost of goods sold		(18,814)	(20,140)
Gross profit		32,727	32,104
Other gains/(losses)	5	556	(7)
Expenses			
Selling and administration expenses		(25,169)	(23,947)
Research and development costs		(838)	(588)
Impairment of receivables		(8)	(7)
Other expenses		(1,051)	(1,413)
Finance costs	6	(793)	(698)
Total expenses		(27,859)	(26,653)
Profit before income tax expense		5,424	5,444
Income tax expense		(1,597)	(1,747)
Profit after income tax expense for the half-year attributable to the owners of SDI Limited		3,827	3,697
Other comprehensive income/(loss)			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences arising on translation of foreign controlled entities		555	(448)
Other comprehensive income/(loss) for the half-year, net of tax		555	(448)
Total comprehensive income for the half-year attributable to the owners of SDI Limited		4,382	3,249
		Cents	Cents
Basic earnings per share	7	3.22	3.11
Diluted earnings per share	7	3.22	3.11

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

	Note	31 Dec 2024 \$'000	30 Jun 2024 \$'000
Assets			
Current assets			
Cash and cash equivalents		4,871	6,275
Trade and other receivables	8	16,258	21,045
Inventories		30,125	28,748
Prepayments		3,998	3,781
		<u>55,252</u>	<u>59,849</u>
Assets classified as held for sale	9	4,471	4,837
Total current assets		<u>59,723</u>	<u>64,686</u>
Non-current assets			
Property, plant and equipment	10	44,422	43,643
Right-of-use assets		1,753	1,631
Intangibles	11	32,250	30,564
Deferred tax asset		56	137
Total non-current assets		<u>78,481</u>	<u>75,975</u>
Total assets		<u>138,204</u>	<u>140,661</u>
Liabilities			
Current liabilities			
Trade and other payables		9,522	11,616
Borrowings	12	21,009	7,818
Lease liabilities		724	657
Provision for income tax		1,193	1,663
Employee benefits		3,839	3,957
Total current liabilities		<u>36,287</u>	<u>25,711</u>
Non-current liabilities			
Borrowings	12	-	15,300
Lease liabilities		1,112	1,004
Deferred tax liability		4,387	4,401
Employee benefits		320	271
Total non-current liabilities		<u>5,819</u>	<u>20,976</u>
Total liabilities		<u>42,106</u>	<u>46,687</u>
Net assets		<u>96,098</u>	<u>93,974</u>
Equity			
Issued capital	13	12,890	12,890
Reserves	14	2,040	1,835
Retained profits		81,168	79,249
Total equity		<u>96,098</u>	<u>93,974</u>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

	Issued capital \$'000	Reserves \$'000	Retained profits \$'000	Total equity \$'000
Balance at 1 July 2023	12,890	2,335	72,691	87,916
Profit after income tax expense for the half-year	-	-	3,697	3,697
Other comprehensive income/(loss) for the half-year, net of tax	-	(448)	-	(448)
Total comprehensive income/(loss) for the half-year	-	(448)	3,697	3,249
<i>Transactions with owners in their capacity as owners:</i>				
Capital reserve	-	(2)	-	(2)
Dividends paid (note 15)	-	-	(2,080)	(2,080)
Balance at 31 December 2023	12,890	1,885	74,308	89,083

	Issued capital \$'000	Reserves \$'000	Retained profits \$'000	Total equity \$'000
Balance at 1 July 2024	12,890	1,835	79,249	93,974
Profit after income tax expense for the half-year	-	-	3,827	3,827
Other comprehensive income/(loss) for the half-year, net of tax	-	555	-	555
Total comprehensive income/(loss) for the half-year	-	555	3,827	4,382
<i>Transactions with owners in their capacity as owners:</i>				
Capital reserve	-	(350)	350	-
Dividends paid (note 15)	-	-	(2,258)	(2,258)
Balance at 31 December 2024	12,890	2,040	81,168	96,098

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	Note	31 Dec 2024 \$'000	31 Dec 2023 \$'000
Cash flows from operating activities			
Receipts from customers		57,423	56,005
Payments to suppliers and employees		(46,999)	(46,272)
		10,424	9,733
Interest received		13	10
Interest and other finance costs paid		(793)	(785)
Income taxes paid		(2,000)	(1,083)
Net cash from operating activities		7,644	7,875
Cash flows from investing activities			
Payments for property, plant and equipment	10	(1,920)	(2,957)
Payments for intangibles	11	(2,610)	(2,480)
Proceeds from disposal of property, plant and equipment		366	35
Net cash used in investing activities		(4,164)	(5,402)
Cash flows from financing activities			
Proceeds from borrowings		-	2,500
Repayment of lease liabilities		(324)	(253)
Dividends paid	15	(2,258)	(2,080)
Repayment of borrowings		(2,109)	(1,612)
Net cash used in financing activities		(4,691)	(1,445)
Net (decrease)/increase in cash and cash equivalents		(1,211)	1,028
Cash and cash equivalents at the beginning of the financial half-year		6,275	6,022
Effects of exchange rate changes on cash and cash equivalents		(193)	37
Cash and cash equivalents at the end of the financial half-year		4,871	7,087

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

Note 1. General information

The financial statements cover SDI Limited as a consolidated entity comprising of SDI Limited ('Company' or 'parent entity') and its subsidiaries (collectively referred to as the 'consolidated entity'). The financial statements are presented in Australian dollars, which is SDI Limited's functional and presentation currency.

SDI Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office

5 - 9 Brunsdon Street
Bayswater VIC 3153

Principal place of business

3 - 15 Brunsdon Street
Bayswater VIC 3153

A description of the nature of the consolidated entity's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 27 February 2025. The Directors have the power to amend and reissue the financial statements.

Note 2. Material accounting policy information

These general purpose financial statements for the interim half-year reporting period ended 31 December 2024 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2024 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new and amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity during the financial half-year ended 31 December 2024 and are not expected to have a significant impact for the full financial year ending 30 June 2025.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Note 3. Operating segments

Identification of reportable operating segments

The consolidated entity's operations consist of the manufacture of dental restorative products, tooth whitening systems and small dental equipment for sale to dental distributors, dental dealers and dentists worldwide. Refer to note 4 for revenue from product lines.

Operating segments are determined using the 'management approach', where the information presented is on the same basis as the internal reports reviewed by the Board of Directors (identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. The consolidated entity comprises four separate reportable operating segments which are primarily identified on the basis of subsidiary companies in different geographical markets.

The CODM reviews segment results before tax, depreciation and amortisation, intersegment adjustments, interest revenue and finance costs. The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

Note 3. Operating segments (continued)

The information reported to the CODM is on a monthly basis.

Reportable segments

The consolidated entity's reportable segments are as follows:

Australia:	SDI Limited
Europe:	SDI Germany GmbH (Germany) and SDI Dental Innovations Limited (United Kingdom)
USA:	SDI (North America), Inc.
Brazil:	SDI Brasil Industria e Comercio Ltda and SDI Holdings Do Brazil Ltda

Intersegment transactions

The segment revenues, expenses and result include transfers between segments. The pricing of the intersegment transactions is based on cost plus an appropriate mark-up, which reflects market conditions of the segment into which the sales are made. These transfers are eliminated on consolidation.

Intersegment receivables, payables and loans

Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation.

Major customers

The consolidated entity has a number of customers to whom it sells products. No single customer represents 10% or more of the consolidated entity's revenue.

Operating segment information

31 Dec 2024	Australia \$'000	Europe \$'000	USA \$'000	Brazil \$'000	Total \$'000
Revenue					
Sales to external customers	16,154	20,641	10,645	4,101	51,541
Intersegment sales	14,234	3,614	-	-	17,848
Total sales revenue	30,388	24,255	10,645	4,101	69,389
Total segment revenue	30,388	24,255	10,645	4,101	69,389
Intersegment eliminations					(17,848)
Total revenue					51,541
Segment results before tax and adjustments below					
Intersegment adjustments	9,296	1,033	404	191	10,924
Depreciation and amortisation	(2,305)	-	-	-	(2,305)
Interest revenue	(1,983)	(293)	(105)	(34)	(2,415)
Interest revenue	11	-	-	2	13
Finance costs	(771)	(15)	(6)	(1)	(793)
Profit before income tax expense	4,248	725	293	158	5,424
Income tax expense					(1,597)
Profit after income tax expense					3,827
Assets					
Segment assets	124,866	18,567	9,025	6,927	159,385
Intersegment eliminations					(21,181)
Total assets					138,204
Liabilities					
Segment liabilities	36,785	13,512	1,215	5,058	56,570
Intersegment eliminations					(14,464)
Total liabilities					42,106

Note 3. Operating segments (continued)

31 Dec 2023	Australia \$'000	Europe \$'000	USA \$'000	Brazil \$'000	Total \$'000
Revenue					
Sales to external customers	18,244	18,742	11,503	3,755	52,244
Intersegment sales	14,238	3,061	-	-	17,299
Total sales revenue	32,482	21,803	11,503	3,755	69,543
Total segment revenue	32,482	21,803	11,503	3,755	69,543
Intersegment eliminations					(17,299)
Total revenue					52,244
Segment results before tax and adjustments below					
Intersegment adjustments	6,931	937	433	(361)	7,940
Depreciation and amortisation	347	-	-	-	347
Interest revenue	(1,746)	(281)	(78)	(50)	(2,155)
Finance costs	8	-	-	2	10
Profit/(loss) before income tax expense	(698)	-	-	-	(698)
Income tax expense	4,842	656	355	(409)	5,444
Profit after income tax expense					(1,747)
					3,697
30 Jun 2024					
Assets					
Segment assets	127,027	16,681	8,099	6,969	158,776
Intersegment eliminations					(18,115)
Total assets					140,661
Liabilities					
Segment liabilities	41,300	12,295	1,047	5,187	59,829
Intersegment eliminations					(13,142)
Total liabilities					46,687

Note 4. Sales revenue

	31 Dec 2024 \$'000	31 Dec 2023 \$'000
Sales revenue	51,541	52,244

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Note 4. Sales revenue (continued)

	31 Dec 2024 \$'000	31 Dec 2023 \$'000
<i>Major product lines</i>		
Aesthetics	26,960	26,308
Amalgam	6,525	7,678
Equipment	2,886	3,067
Whitening	15,170	15,191
	<u>51,541</u>	<u>52,244</u>
<i>Timing of revenue recognition</i>		
Goods transferred at a point in time	<u>51,541</u>	<u>52,244</u>

Refer to note 3 for disaggregation of revenue from contracts with customers based on geographical regions.

Note 5. Other gains/(losses)

	31 Dec 2024 \$'000	31 Dec 2023 \$'000
Net foreign exchange gain/(loss)	313	(185)
Net (loss)/gain on disposal of property, plant and equipment	(27)	21
Interest revenue	13	10
Other	257	147
	<u>556</u>	<u>(7)</u>
Other gains/(losses)		

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Note 6. Expenses

	31 Dec 2024 \$'000	31 Dec 2023 \$'000
Profit before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Buildings	97	73
Plant and equipment	1,017	885
Right-of-use-assets	377	331
Total depreciation	1,491	1,289
<i>Amortisation</i>		
Product development costs	638	533
Intellectual property	286	327
Total amortisation	924	860
Total depreciation and amortisation	2,415	2,149
<i>Impairment</i>		
Buildings	-	499
Other receivables	-	240
Total impairment	-	739
<i>Employee benefit expense</i>		
Employee costs other than superannuation expense	20,464	20,806
Superannuation expenses	1,451	1,231
Total employee benefit expense	21,915	22,037
<i>Finance costs</i>		
Interest and finance charges paid/payable on borrowings	769	765
Interest and finance charges paid/payable on lease liabilities	24	20
Less finance costs capitalised	-	(87)
Total finance costs	793	698

Note 7. Earnings per share

	31 Dec 2024 \$'000	31 Dec 2023 \$'000
Profit after income tax attributable to the owners of SDI Limited	3,827	3,697
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	118,865,530	118,865,530
Weighted average number of ordinary shares used in calculating diluted earnings per share	118,865,530	118,865,530
	Cents	Cents
Basic earnings per share	3.22	3.11
Diluted earnings per share	3.22	3.11

Note 8. Trade and other receivables

	31 Dec 2024 \$'000	30 Jun 2024 \$'000
<i>Current assets</i>		
Trade receivables	15,958	20,653
Less: Allowance for expected credit losses	(71)	(72)
	<u>15,887</u>	<u>20,581</u>
Other receivables	<u>371</u>	<u>464</u>
	<u><u>16,258</u></u>	<u><u>21,045</u></u>

Allowance for expected credit losses

The consolidated entity has recognised a loss of \$8,000 (31 December 2023: loss of \$7,000) in profit or loss in respect of the expected credit losses for the half-year ended 31 December 2024.

Other receivables relate to prepaid taxes.

Note 9. Assets classified as held for sale

	31 Dec 2024 \$'000	30 Jun 2024 \$'000
<i>Current assets</i>		
Land and building ⁽¹⁾	<u>4,471</u>	<u>4,837</u>

(1) 69 Power Road, Bayswater, VIC 3153 was settled on 17 January 2025.

Note 10. Property, plant and equipment

	31 Dec 2024 \$'000	30 Jun 2024 \$'000
<i>Non-current assets</i>		
Land and buildings - at cost	31,909	31,430
Less: Accumulated depreciation	(2,394)	(2,297)
	<u>29,515</u>	<u>29,133</u>
Plant and equipment - at cost	48,433	47,091
Less: Accumulated depreciation	(33,526)	(32,581)
	<u>14,907</u>	<u>14,510</u>
	<u><u>44,422</u></u>	<u><u>43,643</u></u>

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Note 10. Property, plant and equipment (continued)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

	Land and Building \$'000	Plant and equipment \$'000	Total \$'000
Balance at 1 July 2024	29,133	14,510	43,643
Additions	479	1,441	1,920
Disposal	-	(27)	(27)
Depreciation expense	(97)	(1,017)	(1,114)
Balance at 31 December 2024	29,515	14,907	44,422

Note 11. Intangibles

Non-current assets

	31 Dec 2024 \$'000	30 Jun 2024 \$'000
Product development costs - at cost	39,361	37,649
Less: Accumulated amortisation	(17,618)	(16,980)
Intellectual property - at cost	9,865	9,586
Less: Accumulated amortisation	(7,556)	(7,281)
Development work in progress - at cost	8,198	7,590
	32,250	30,564

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

	Product development costs \$'000	Intellectual property \$'000	Development work in progress \$'000	Total \$'000
Balance at 1 July 2024	20,669	2,305	7,590	30,564
Additions	1,712	290	608	2,610
Disposals	-	-	-	-
Amortisation expense	(638)	(286)	-	(924)
Balance at 31 December 2024	21,743	2,309	8,198	32,250

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Note 12. Borrowings

	31 Dec 2024 \$'000	30 Jun 2024 \$'000
<i>Current liabilities</i>		
Bank loans (i)	20,800	7,000
Short term borrowings (ii)	209	818
	21,009	7,818
<i>Non-current liabilities</i>		
Bank loans (i)	-	15,300
	21,009	23,118
	21,009	23,118

(i) This facility has been used to fund the purchase of properties to accommodate future warehousing and manufacturing capacity.

(ii) This facility is used to fund the Company's annual insurance premium. This funding is unsecured.

The above bank loans are secured by a registered first mortgage debenture over the assets of the parent entity and a registered first mortgage over its freehold properties.

The Company's bank loans were classified as current at the reporting date as the facility agreements are due to expire in October 2025. The Directors are in the process of renewing the loan facilities with their financiers, in advance of the expiry of the current facilities.

The consolidated entity has:

- Loan facility of \$19,800,000 used to fund the recent purchase of properties; and
- Working capital facility of \$10,000,000 of which \$1,000,000 was drawn at 31 December 2024.

The facilities allow for both fixed and variable rate loans. The loan period does not exceed 3 years. Finance is provided under all facilities, which are reviewed annually, provided the parent entity is within the terms and conditions of the Agreement.

Financing arrangements

Unrestricted access was available at the reporting date to the following lines of credit:

	31 Dec 2024 \$'000	30 Jun 2024 \$'000
<i>Total facilities</i>		
Bank loans	29,800	30,300
Short term borrowings	209	818
	30,009	31,118
<i>Used at the reporting date</i>		
Bank loans	20,800	22,300
Short term borrowings	209	818
	21,009	23,118
<i>Unused at the reporting date</i>		
Bank loans	9,000	8,000
Short term borrowings	-	-
	9,000	8,000

Note 13. Issued capital

	31 Dec 2024 Shares	30 Jun 2024 Shares	31 Dec 2024 \$'000	30 Jun 2024 \$'000
Ordinary shares - fully paid	118,865,530	118,865,530	12,890	12,890

Ordinary shares

Ordinary shares entitle the holder to participate in any dividends and any proceeds attributable to shareholders should the Company be wound up, in proportions that consider both the number of shares held and the extent to which those shares are paid up. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll, each share shall have one vote.

Share buy-back

There is no current on-market share buy-back.

Note 14. Reserves

	31 Dec 2024 \$'000	30 Jun 2024 \$'000
Foreign currency reserve	1,575	1,020
Capital profits reserve	465	815
	<u>2,040</u>	<u>1,835</u>

Movements in reserves

Movements in each class of reserve during the current financial half-year are set out below:

	Foreign currency \$'000	Capital profits \$'000	Total \$'000
Balance at 1 July 2024	1,020	815	1,835
Foreign currency translation	555	-	555
Capital reserve	-	(350)	(350)
Balance at 31 December 2024	<u>1,575</u>	<u>465</u>	<u>2,040</u>

Note 15. Dividends

Dividends paid during the financial half-year were as follows:

	31 Dec 2024 \$'000	31 Dec 2023 \$'000
Final dividend for the year ended 30 June 2024 of 1.90 (2023: 1.75 cents) per ordinary share	<u>2,258</u>	<u>2,080</u>

On 27 February 2025, the Directors declared an interim fully franked dividend of 1.5 cents per share to be paid on 30 April 2025. This equates to a total estimated distribution of \$1,783,000 based on the number of ordinary shares on issue as at 31 December 2024. The financial effect of dividends declared after the reporting date is not reflected in the 31 December 2024 financial statements and will be recognised in subsequent financial reports.

Note 16. Contingent liabilities

The consolidated entity had no contingent liabilities as at 31 December 2024 and 30 June 2024.

Note 17. Events after the reporting period

On 17 January 2025, the property shown under current assets held for sale, located at 69 Power Road, Bayswater, Vic, 3153 was settled in full.

On 27 February 2025, the Directors declared an interim fully franked dividend of 1.5 cents per share to be paid on 30 April 2025.

No other matter or circumstance has arisen since 31 December 2024 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

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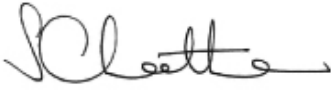
In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2024 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of Directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the Directors



Samantha Jane Cheetham
Managing Director

27 February 2025
Melbourne

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Independent Auditor's Review Report to the Members of SDI Limited

Conclusion

We have reviewed the half-year financial report of SDI Limited (the "Company") and its subsidiaries (the "Group"), which comprises the consolidated statement of financial position as at 31 December 2024, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the half-year ended on that date, notes to the financial statements, including material accounting policy information and other explanatory information, and the Directors' Declaration, as set out on page 24.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001*, including:

- Giving a true and fair view of the Group's financial position as at 31 December 2024 and of its performance for the half-year ended on that date; and
- Complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Half-year Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) ("the Code") that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Directors' Responsibilities for the Half-year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Half-year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2024 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.


DELOITTE TOUCHE TOHMATSU



Rachel Smith

Partner

Chartered Accountants

Melbourne, 27 February 2025

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