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SDI LIMITED ACN 008 075 581 | ABN 27 008 075 581

HEAD OFFICE 3-15 BRUNSDON STREET, BAYSWATER. PO BOX 314, VICTORIA, 3153 AUSTRALIA.

TOLL FREE 1800 337 003 | TELEPHONE +61 3 8727 7111

FAX +61 3 8727 7222 | [info@sdi.com.au](mailto:info@sdi.com.au) | [www.sdi.com.au](http://www.sdi.com.au)

## ASX Announcement

11 January 2022

### Trading Update

MELBOURNE, Australia – SDI Limited (ASX: SDI) today announced that unaudited sales in Australian Dollars, for the six months ending 31 December 2021 increased by 26% to \$46.2 million compared to \$36.8 million for the corresponding period last year, a record first half performance. When adjusted for currency movements, sales increased by 28% in local currencies.

Most markets showed very strong demand driven by a combination of the resumption of normal trading conditions and the continuing momentum seen in the first half of 2021. The only exception was the Australian domestic market which was impacted by the ongoing Victorian and NSW regulatory measures related to the pandemic.

Further, during the first six months of the FY22 financial year, as with many companies involved in global freight activities, there has been a significant impact from elevated logistics costs caused by third party logistic disruptions. Despite measures to mitigate these elevated costs, the additional impost has impacted gross product margins by 7%. In addition, the regional performance has further impacted gross margins. With strong sales in Australian direct exports, up 65%, and Brazil, up 66%, the overall gross margin was impacted by a further 5% due to these being lower margin regions. In summary, the estimated total gross product margins for first half of FY22 in Australian Dollars fell by 12% to 53% compared to 65% for the corresponding period last year.

Operating expenses continue to be well managed and are in line with 2019 fiscal year, reflecting normal operational expenditure compared to previous years.

With the impact of the elevated logistics costs and the regional performance, it is expected that net profit after tax for the six months ending 31 December 2021 will be in the range of \$2.5 million to \$3.0 million compared to \$4.6 million for the corresponding period last year.

It is expected that the Half Year results (Appendix 4D) will be released on February 17, 2022.

*This announcement has been authorised by the Board of Directors of SDI Limited.*

#### **Investor Contact:**

Adrian Mulcahy

[Adrian.mulcahy@marketeye.com.au](mailto:Adrian.mulcahy@marketeye.com.au)

P: +61 438 630 422