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SDI Limited
Chairman's Address
Annual General Meeting
November 28, 2024

The 2024 financial year has been a challenging one, particularly with changes to the European product registration requirements. Despite this, sales grew, product margins increased, and operating expenses were well managed, giving a record after-tax profit of \$10.4 million.

Our record sales of \$111.2 million led by Aesthetic products and strong growth in the European market are wonderful team achievements. The ongoing focus on aesthetic and whitening products is a solid strategy for the future direction of our product portfolio.

We continued to see declining sales of Amalgam products, which will be offset by other products and in particular our newest product Stela. Stela, our exciting new amalgam replacement was released in some key markets during the year. It was also released into Europe, in July this year. Initial sales and feedback from the market are positive.

The product margin was up 530 bps to 62.1% driven by logistic costs normalization, product mix and price increases. EBITDA was up 35.5% to \$21.9 million and NPAT was up 47.7% to \$10.4 million driven by product margin improvement and well managed operating expenses.

The new European Union Medical Device Regulation has been a major emphasis for our teams, and they have secured the registration. In addition, the transition timeline for key legacy products have qualified for the EU MDR extension. Hence, many of our resources such as new research and development projects were postponed for over twelve months. Globally, product registration is becoming more difficult to achieve. SDI is well equipped to sell all products in all major markets around the world.

Our new 24,000sqm property in Montrose is an exciting project which will ensure production and warehousing are far more efficient than at the current location. The established warehouse on the site was refurbished to meet medical device standards and became fully operational in September 2023. A new manufacturing plant is planned to commence building in 2025, followed by all manufacturing in Bayswater moving in 2027. The project is currently in its final design stage.

The 2025 financial year will be focused on changing our amalgam customers to Stela, the building of our new manufacturing plant, and ensuring our MDR registration is fully complied with. These are great goals for the year to ensure the Company is well placed to achieve increased market share for the future.

Additionally, we believe in managing our environmental, social and governance risks position for sustainable growth at both a corporate and product level. While these factors have always been a focus for SDI, we are continuing to follow our ESG roadmap which is in line with our overarching corporate strategy.

I would like to thank the Board, management and staff of SDI and our distributors both in Australia and all over the world for their hard work and total dedication to SDI's global success. Lastly, we would like to thank our shareholders for their ongoing support and investment in SDI.

Jeffery Cheetham OAM

Chairman